

Mr. McKELLAR. I will yield to the Senator for that purpose.

Mr. CURTIS. I ask that the Journal be approved.

The VICE PRESIDENT. The question is on the approval of the Journal.

The Journal was approved.

EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 17 minutes spent in executive session the doors were reopened, and (at 4 o'clock and 17 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, November 29, 1922, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

TUESDAY, November 28, 1922.

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

In token of our need and love, our heavenly Father, we wait in Thy presence. We see Thy mercy more brightly because of our unworthiness. Beholding Thy marvelous condescension, every heart brings its tribute of praise. O bless everyone and let morning arise upon every life. Give us the reach of soul that our standards of service, conduct, and character may receive the benediction of Thy favor. For the wonder of life we bless Thee. For the joys and blessings of our own dear land, we give Thee thanks. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

WITHDRAWAL OF PAPERS—SARAH F. BUTLER.

Mr. CHALMERS. Mr. Speaker, I ask unanimous consent that the papers pertaining to the pension of Sarah F. Butler, H. R. 8279, Sixty-seventh Congress, no adverse report having been made thereon, be withdrawn from the files of the House for the use of the Pension Department. The bill passed the House but did not pass the Senate. Under a recent ruling I understand that the pension may be granted without special legislation, and we want the use of the files for the Pension Department.

Mr. GARRETT of Tennessee. It is an individual case.

Mr. CHALMERS. Yes.

The SPEAKER. Is there objection?

There was no objection.

THE MERCHANT MARINE.

Mr. GREENE of Massachusetts. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the merchant marine bill, with Mr. TILSON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the committee rose an amendment, offered by the gentleman from California [Mr. RAKER], to strike out the section was pending. The question is on agreeing to the amendment.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent to have the amendment again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk read as follows:

Amendment offered by Mr. RAKER: Page 23, line 6, strike out section 304.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. RAKER. Mr. Chairman, section 304, of course, goes back to sections 301, 302, and 303. As I said last evening, the statement of the proposition in the bill is seductive to those who hear merely the statement without having gone into the facts. The committee has had no hearing upon the matter. The matter was put in—and I accuse no one of any ulterior purpose. I feel, however, that I can advisedly say that when the American people comprehend, and they will shortly do so,

the purport of this attempted legislation, in addition to the other bad features of the ship subsidy bill, they will resent it very much. I feel safe in saying that the rest of the bad features of the bill combined can not equal the evils that are involved in this particular legislation under consideration.

Mr. JOHNSON of Washington. The gentleman says that no hearings were held. The gentleman knows that the House Committee on Immigration gave considerable attention to these features and to substitute features.

Mr. RAKER. I have here just what was said. There were but three hearings. They were executive and the proceedings were not recorded.

Mr. JOHNSON of Washington. Was not Mr. Lasker present?

Mr. RAKER. Mr. Lasker's statement was not taken down. Mr. Lasker came before the committee before this bill was ever dreamed of, and in executive session he told the Committee on Immigration what could be accomplished. I have investigated the facts, and I remember them distinctly. We have the statement of Mr. Henning, we have the statement of the attorney for the department, but not Mr. Lasker's statement before the Committee on Immigration. That was before the shipping bill started. It was intended to get the Committee on Immigration to report out and act upon this piece of vicious, iniquitous legislation, which everyone must admit is contrary to all of the treaties on commerce that we have to-day; and if you want to be fair and bring about an obliteration of the various treaties, why do you not make the same applicable to the importation of goods and abrogate all of the treaties between the United States and all foreign countries in respect to navigation? Why pick out the question of immigration, hoping, intending, thereby to give more labor, cheaper labor, to break down the immigration laws that have taken almost a half century to place on the statute books of this country for the purpose of protecting America. Then you wrap the American flag around you, as did the chairman of the committee when he closed his argument on this question when he said that the immigrants entering and leaving the ports will land on an American boat and will see the Stars and Stripes floating over them, and therefore feel better for having come across to America in an American boat.

Nevertheless, even so, it will help to destroy the country in which we live. There can not be any doubt about that. If you will look into it you will see already the hand intended to break down the immigration laws, because all of the forces and all of the powers behind the ship subsidy will be behind the maintenance of this plan, if by any possibility it can become operative after these various treaties are broken down.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. EDMONDS. As one of the men back of the bill I will say that I will not assist in breaking down the immigration laws.

Mr. RAKER. Oh, of course, it is easy to say that; but why have you not presented to the American people just what the facts are; why do you not come out openly and say that this is for the purpose of giving money to the shipping interests by virtue of bringing starving people from Europe to the United States, and having them become a part of this country? We already have over 10,000,000 now that we can not assimilate. Why do you not tell them that you want cheaper labor, and that all of the great organizations of this country are figuring and hoping that this bill will pass, to the end that we may undermine and do away with the strict immigration laws that we have to-day?

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last word.

Mr. EDMONDS. Mr. Chairman—

The CHAIRMAN. Does the gentleman wish to be recognized in opposition to the amendment?

Mr. EDMONDS. Yes, sir. Mr. Chairman, as I stated last evening, there are two particular sections which are opposed by foreign interests. One was this provision that forced the carrying on American vessels of 50 per cent of whatever immigration might be allowed by Congress. That is all this does. It says we abrogate so much of the treaties that may be in the road and allow American ships to carry their full share of immigration. That is all that it does.

Mr. RAKER. Will the gentleman yield?

Mr. EDMONDS. I will yield; the gentleman yielded to me.

Mr. RAKER. With the provision of the bill in force, it is an inhibition against immigration, namely, 50 per cent can not come in unless in American bottoms. Therefore, it violates all commercial treaties.

Mr. EDMONDS. I said that it did. This section calls for an abrogation of those treaties. That is true. I acknowledged it yesterday; I acknowledge it now.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. EDMONDS. Yes, sir.

Mr. GARRETT of Tennessee. Has the gentleman any assurance that any of these treaties will be abrogated if this is passed?

Mr. EDMONDS. I hope so.

Mr. GARRETT of Tennessee. Has this matter been submitted in any way to the State Department and any information received from that department?

Mr. JOHNSON of Washington. It is assumed that various countries which make a business of promoting the emigration of their peoples will resist these provisions. They will stand on the rights contained in the treaties that their nationals may travel without let or hindrance.

Mr. GARRETT of Tennessee. We all recognize, of course, that the Jones bill had provisions about the abrogation of certain treaties and two Presidents have announced that they would not undertake to enforce those provisions.

Mr. JOHNSON of Washington. But this is a division; it calls for one-half. This opens the way for negotiations on a 50 per cent basis; not a complete abrogation. Many countries which now send quotas under the 3 per cent limitation will likely accept the modification of 50 per cent. We have hopes that we will build up a way so that under American control the advantages will be on American ships.

Mr. DAVIS of Tennessee. If the gentleman from Pennsylvania will yield, in reference to this question of my colleague from Tennessee I will say that no representative of the State Department testified at the hearings in this case, and nobody undertook to deal with the diplomatic features of this, although several Members expressed several times a desire that representatives of the State Department appear.

Mr. EDMONDS. I acknowledge that no representative of the State Department came before us. The matter was referred to the Immigration Committee. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. BANKHEAD. I wish to submit some observations at this point.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this section and all amendments thereto do now close.

Mr. EDMONDS. I will amend it by saying close in five minutes.

The CHAIRMAN. Without objection, the motion is modified to close in five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last word. Mr. Chairman, in my opinion the provisions of this immigration title are not objectionable from the standpoint of what is hoped to be accomplished. Upon the contrary, I have stated from the time this bill was first considered that in substance I could see no possible objection to this indirect aid being given to the ship operators of the United States, but what I do wish to assert is that from the statements which have been already made upon the floor of this committee the provisions of this title will never become operative. It has been conceded here by the gentleman from Pennsylvania, and I believe by the gentleman from Washington, that all of these foreign countries whose nationals are interested in coming into this country are opposed to the provisions of this title. It is in effect conceded that treaties we have with foreign Governments will inhibit the enforcement of a statute of this character.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. BANKHEAD. In a moment. What you have proceeded to do here is to hold out some assurance of a substantial aid to ship operators of the country, and we can well gather from the experience of section 34 of the Jones Act, about which you boasted so many benefits would come, that in all human probability it will never become effective.

Mr. JOHNSON of Washington. Let us assume, in the first place, immigration will be held at reduced figures, but if we have an American merchant marine and provisions are made for the proper carrying of immigrants, and then a provision made that those entitled to come into the United States may have their passage paid here—

Mr. BANKHEAD. Oh, the gentleman is assuming a good many contingencies.

Mr. JOHNSON of Washington. I am assuming what is in sight.

Mr. BANKHEAD. What I desire to call the attention of the committee to is to make a prophecy for the benefit of the

record—and I think the future will substantiate the prophecy—that no ship operator will ever receive any benefit from the provisions of this section.

In other words, you are padding this bill deliberately with a provision holding out a promise which you know will never be fulfilled.

Mr. JOHNSON of Washington. Have we fallen so low that we can not say that if immigrants are to come to the United States a portion of them shall come on American ships?

Mr. BANKHEAD. I agree that that ought to be done, but you know it will not be done under the provisions of this bill.

Mr. RAKER. We have solemnly declared in every commercial treaty with foreign countries that we will not discriminate against them.

Mr. BANKHEAD. Absolutely. You are flying in the teeth of the solemn agreement made by our Government with our foreign neighbors, with a provision which you admit here from the floor they will all combat when they come later to modify these treaties.

Mr. EDMONDS. The gentleman admits that it is a good thing if it can be accomplished.

Mr. BANKHEAD. In principle, I have no opposition to it.

Mr. EDMONDS. Yet you are not willing to try it.

Mr. BANKHEAD. I know you are doing an absolutely vain thing, and I think you recognize it.

Mr. GARRETT of Tennessee. Probably the gentleman from Alabama is trying to forestall any possible future impeachment proceedings. [Laughter.]

The CHAIRMAN. Without objection the pro forma amendment will be withdrawn.

Mr. JONES of Texas. Mr. Chairman, I offer a preferential amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: Page 23, line 9, after the word "islands," insert the following:

"Nothing in this title or in this bill shall be construed to permit or authorize a larger percentage or any greater number of immigrants from any foreign country than are permitted under the existing immigration laws of the United States."

Mr. EDMONDS. Mr. Chairman, a point of order.

Mr. LEHLBACH. I make a point of order against the amendment that it is not germane.

Mr. JONES of Texas. It is germane to the whole title. It is directly on the point that the title deals with, and it is offered at the end of the title.

The CHAIRMAN. As the Chair reads this section, it is simply a definition and nothing else.

Mr. JONES of Texas. It deals with commerce and with immigration. It starts off by stating—

As nearly as practicable, one-half of the total number of immigrants admitted into the United States in any fiscal year shall be transported in vessels—

The CHAIRMAN. The gentleman is not reading the section under consideration.

Mr. JONES of Texas. I offer this amendment, covering the entire title as well as the section. The amendment says—

Nothing in this title.

The CHAIRMAN. The gentleman offers the amendment while section 304 is under consideration, and for parliamentary purposes it must be considered as an amendment to this section which is under consideration.

Mr. JONES of Texas. I will offer it as a new section, then, as section 304a, if there is any question on that. It seems to me that as I offer it as the end of the title, if it is germane to the title it is admissible anyway; but if there is any question about it I will offer it as section 304a.

The CHAIRMAN. The Chair sustains the point of order as made against the amendment.

Mr. JONES of Texas. Then I offer it as a new section, 304a.

The CHAIRMAN. The Clerk will read the amendment.

Mr. LEHLBACH. Mr. Chairman, a point of order. Section 304 is now pending, and a new section is not in order to be offered at this time.

The CHAIRMAN. The Chair sustains the point of order.

Mr. JONES of Texas. Mr. Chairman, there is a motion pending to strike out the entire section. This can be offered as a new section before the vote on that is finally taken, can it not?

The CHAIRMAN. There is an amendment already pending. A new section can not be offered while that motion is pending.

Mr. JONES of Texas. All right. I will offer it when that is finished.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. The question is on the amendment offered by the gentleman from California [Mr. RAKER].

The question being taken, the Chairman announced that the noes appeared to have it.

Mr. GARRETT of Tennessee. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from Tennessee demands tellers.

Tellers were ordered, and the Chairman appointed Mr. RAKER and Mr. LEHLBACH.

The committee divided; and the tellers reported—ayes 31, noes 66.

Accordingly the amendment was rejected.

Mr. JONES of Texas. Now I offer my amendment as a new section.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. JONES of Texas: Page 23, line 9, after the word "islands" insert the following as a new section:

"Nothing in this title or in this bill shall be construed to permit or authorize a larger percentage or any greater number of immigrants from any foreign country than are permitted under the existing immigration laws of the United States."

Mr. EDMONDS. Mr. Chairman, I make a point of order against the amendment.

Mr. JONES of Texas. Mr. Chairman—

The CHAIRMAN. The Chair is ready to rule. Does the gentleman want to be heard on the point of order?

Mr. JONES of Texas. Yes; I should like to be heard, unless the Chair is going to rule that the amendment is in order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. JONES of Texas. This is offered as a new section. This title deals with the transportation of commerce by water, and starts out with a declaration—

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. JONES of Texas. I yield to the gentleman from Wyoming.

Mr. MONDELL. There is nothing in the legislation that affects the present law, and there is no objection to the gentleman's amendment if it pleases him. It does not hurt anybody and it does not change the situation at all.

Mr. EDMONDS. I will withdraw the point of order.

The CHAIRMAN. The Chair is ready to rule. Does the gentleman withdraw his point of order?

Mr. EDMONDS. I will withdraw the point of order and accept the amendment.

Mr. LONDON. Mr. Chairman, I renew the point of order on the following ground—

The CHAIRMAN. The Chair sustains the point of order.

Mr. JONES of Texas. Mr. Chairman, before the Chair rules I should like to be heard on the point of order.

Mr. MONDELL. This is all post-mortem.

The CHAIRMAN. There is nothing in this title amending the immigration law.

Mr. JONES of Texas. The Chair was going to hear me for a moment, and I desisted on the theory that there was no point of order made. I think I am entitled to be heard. It seems to me this is a definition. According to the Chair's own statement, here is a definition as to the purposes of this title, and a definition of the purpose of this bill in so far as it affects immigration. Now, I offer an additional feature of that definition. The amendment I offer is simply an additional limitation on the operation and scope of the bill.

Mr. RAKER. Will the gentleman yield right there?

Mr. JONES of Texas. If the Chair please, the Chair's own statement is that this part of the act is a definition of the purposes or some of the purposes of the measure. If that be true, surely it is in order to still further limit those purposes.

My amendment is in the nature of a definition which purports to construe the meaning of this part of the bill. This is to limit the scope of the measure. It is an amendment which declares that it is not intended by this bill to destroy our immigration laws. If the position they take is true, that it does not affect immigration, there can be no harm done by putting in the definition the statement that it does not affect the immigration laws. Some very respectable authorities who have made a careful study of the proposed measure are fearful that this part of the bill will authorize the President through treaty to, in effect, abrogate the present percentage limit on foreign immigration. Surely it is in order to declare that this is not meant. My amendment will effectually prevent any such construction.

The CHAIRMAN. The Chair is ready to rule.

Mr. RAKER rose.

The CHAIRMAN. For what purpose does the gentleman from California rise?

Mr. GREENE of Vermont rose.

Mr. RAKER. There is just one statement by the Chair on the point of order that I would like to refer to.

Mr. GREENE of Vermont. Mr. Chairman, I thought I was recognized on that proposition. I wanted to ask the Chair if he would permit a suggestion by way of a parliamentary inquiry in regard to this matter?

The CHAIRMAN. The Chair will hear the gentleman on a parliamentary inquiry.

Mr. GREENE of Vermont. Would it be held to be germane to offer any paragraph in any bill with a few lines limiting the effect of those paragraphs, saying that they did not repeal other laws?

The CHAIRMAN. The Chair is perfectly clear in his own mind as to that.

Mr. GREENE of Vermont. Would the Chair pass on that? Would that be germane, Mr. Chairman?

The CHAIRMAN. The Chair is ready to rule.

Mr. JONES of Texas. Mr. Chairman, I wish to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. Is it not always in order to offer an amendment limiting the scope of a definition in a bill? Here is a definition, and this is a limitation.

Mr. RAKER. Mr. Chairman, will the Chair permit me to make just one suggestion to the Chair?

The CHAIRMAN. The Chair is ready to rule on the parliamentary point of order. [Cries of "Regular order!" and "Rule!"] The subject of Title III is "Transportation of immigrants by water." No section of the title deals with the subject of quota or any other provision of the immigration laws. The gentleman from Texas [Mr. JONES] moves an amendment which, if it accomplishes anything at all—as to which the Chair has some doubt—it amends, modifies, or limits the immigration laws. If the gentleman's amendment be in order here, it would seem that by the same reasoning it would be in order to amend the immigration act in any other particular or to repeal it altogether. The Chair believes that the amendment is not germane, and therefore sustains the point of order.

Mr. SEARS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SEARS. In reply to the cries of "Regular order" and "Rule" on the other side I would like to inquire whether this is a railroad bill or a ship subsidy bill? [Laughter.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE IV.—COMPENSATION TO VESSELS OF THE UNITED STATES. DEFINITIONS.

SEC. 401. When used hereinafter in this act—

(a) The term "person" means individual, partnership, corporation, or association;

(b) The term "United States," when used in a geographical sense, means the several States and the District of Columbia;

(c) The term "citizen of the United States" has the meaning assigned to it by section 2 of the shipping act, 1916, as amended by the merchant marine act, 1920; and

(d) The term "board" means the United States Shipping Board.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 23, line 20, strike out the words "meaning assigned to it."

Mr. BLANTON. Mr. Chairman, the meaning intended by Congress with respect to this bill ought to be clearly conveyed in language that means just exactly what Congress intends and nothing more. Until it was disclosed on Saturday evening by the distinguished gentleman from Virginia [Mr. BLAND] that the meaning which the President gave to one of the most vital sections of this bill was not the meaning that the bill conveyed, I take it that practically every Member in this House was not aware of that fact. I want to call attention to the meaning that the President gave to the compensation feature of this bill in his address on Tuesday of last week.

Mr. MONDELL. Mr. Chairman, I hope the gentleman will confine his discussion to the paragraph now pending before the House.

Mr. BLANTON. I think the Chair will note that I am within the parliamentary rules in discussing my amendment, which determines the meaning of the language in the bill. I am sure I will not needlessly take up time.

The CHAIRMAN. The gentleman will proceed in order.

Mr. BLANTON. Concerning compensation, the President in his message used this language:

"That Government aid will only be paid until the shipping enterprise earns 10 per cent on actual capital employed, and immediately that when more than 10 per cent earnings is reached half of the excess earnings must be applied to the repayment of the Government aid which has been previously advanced. * * * If success attends, as we hope it will, the Government outlay is returned."

I take it that every Member of this House understood that during the 10-year period all of the Government aid advanced to the shipping interests, if during the 10 years the earnings of any ship amounted to more than the compensation granted by the Government, half of the profits over 10 per cent should be returned to the Government until the advancement has been paid back to the Treasury. Well, under the terms of the bill, the gentleman from Virginia [Mr. BLAND] called our attention on Saturday to the fact that a ship could earn 9½ per cent for 9 years, and in addition to the 9½ per cent profit on his investment the shipowner would receive the subsidy granted by the Government, and then in the tenth year, if he earned 500 per cent profit, only the part for that year should be returned to the Government.

Now, that ought to be changed, and the reason why I raise the point now is because we are trotting along pretty fast on this bill and the debate is closing, and I do not know whether we will have time to consider that provision or not when it is reached, and we ought to make clear that whenever a subsidy is enjoyed by any ship and when the earnings of any particular year amount to such a sum in excess of 10 per cent profit as to permit the return of the subsidy, it ought to be returned in full, and not only in part, as here provided.

Mr. LEHLBACH. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from New Jersey moves that all debate on this section and all amendments thereto be now closed. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, it is a pro forma amendment.

The CHAIRMAN. Then, without objection, the pro forma amendment will be withdrawn.

There was no objection.

The CHAIRMAN. The Clerk will read.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 4025. An act to permit Mahlon Pitney, an Associate Justice of the Supreme Court of the United States, to retire; and

S. 4036. An act to prohibit the unauthorized wearing, manufacture, or sale of medals and badges awarded by the War Department.

The message also announced that the Vice President had appointed Mr. BORAH and Mr. MCKELLAR members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Department of Labor.

THE MERCHANT MARINE.

The committee resumed its session.

The Clerk read as follows:

MERCHANT MARINE FUND.

SEC. 402. There is hereby established in the Treasury a fund to be known as the "merchant marine fund" (hereinafter in this title called the "fund"). The Secretary of the Treasury is authorized and directed to set aside in or for credit to such fund upon receipt, the following sums paid into the Treasury after the enactment of this act:

(a) All tonnage duties, tonnage taxes, or light money, paid under law in force at the time of the enactment of this act and under section 206 of this act;

(b) Ten per cent of the amount of all customs duties paid under law in force at the time of the enactment of this act or subsequently enacted; and

(c) All excess earnings paid by the owner of any vessel under the provisions of section 416.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. DAVIS of Tennessee: Page 24, line 1, strike out section 402.

Mr. DAVIS of Tennessee. Mr. Chairman, this section provides for a merchant marine fund and the Secretary of the Treasury is directed to set aside to the credit of such fund 10 per cent of all the customs duties and all of the tonnage taxes and light money and then any refunds that may be made. This is for the purpose of avoiding appropriations. It is for the purpose of camouflaging the situation. Every other department of this Government, every other bureau of this Government, is required, in order to procure annual appropriations, to first go to the Budget Committee and present its

estimates, give reasons for it, and then if they get by the Budget Committee, it goes to the Appropriations Committee of the House, and the Appropriations Committee summons witnesses and examines and cross-examines and investigates, and generally culls the estimates, and when they report an appropriation for expenditures in the department for the ensuing fiscal year the appropriation bill must be passed by the House, passed by the Senate, and signed by the President.

That is true with reference to every other department of the Government, but not so with these favored shipping interests; an exception must be made in their case; the Shipping Board must be excused from appearing before the committee and answering questions and being subjected to cross-examination. That is the purpose of it. I want to know if Congress is going to fall for anything of that kind. I want to know if this Congress is going to abdicate in favor of Albert D. Lasker. I want to know if it is going to surrender its right conferred upon it by the Constitution. That is what it means. It means to surrender not only for a year, but permanently, because I shall call to your attention and move to strike out a provision on the next page which permanently appropriates these funds for the purpose stated.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. DAVIS of Tennessee. I will.

Mr. MOORE of Virginia. Does not this provision in effect not only discredit the Appropriations Committee but the Budget system that we have recently adopted?

Mr. DAVIS of Tennessee. Absolutely; the Budget system which has the indorsement of both parties, which has the indorsement of the President, and which applies to every other department of the Government. I can not understand why the members of the Appropriation Committee are willing to surrender this power to the Shipping Board? Has Mr. Lasker got you all hypnotized? What is the matter with this Congress that it is willing to make such an extraordinary exception in the interest of this one board?

Mr. SEARS. Will the gentleman yield for a suggestion?

Mr. DAVIS of Tennessee. Yes.

Mr. SEARS. It not only does that, but the paper of last night states that there is a loss in tax receipts of \$1,400,000,000 less than the amount collected last year.

Mr. DAVIS of Tennessee. Yes. Then, if you are going to pay these subsidies, why not pay them by annual appropriation? Let the Shipping Board, or whatever bureau performs that function, appear before the Budget Committee and then before the Appropriations Committee, put in their estimates as to the amount of subsidies they intend to pay for the ensuing year according to the contracts they have entered into. It was argued, even by the President, that during the first year they would not need over \$15,000,000 for that purpose. And yet this bill in the section I move to strike out provides that there shall be put into the merchant marine fund immediately 10 per cent of the customs duties, which alone will amount to \$45,000,000 per annum, and the tonnage dues which will amount to over \$4,000,000 additional. Why do they want \$49,000,000 paid into the fund annually if they are only going to pay out \$15,000,000 the first year and \$30,000,000 each subsequent year as claimed by the President?

Mr. KIRKPATRICK. Mr. Chairman, I want to call the attention of the committee to the fact that the amendment proposed by the gentleman from Tennessee aims to strike out an essential provision of the bill. This fund necessarily is bound up with the appropriation contained in section 403. It is absolutely necessary to the success of this bill that we be able to assure the men whom we hope to induce to go into the shipping business that the payments provided for by the shipping contracts are going to be continued. The gentleman from Tennessee as a lawyer and any gentleman here as a business man would not advise or permit anyone in whom he was interested to go into the shipping business and invest his money in the construction or purchase of a vessel with nothing more than the assurance of an annual appropriation by Congress.

Mr. LEHLBACH. Will the gentleman yield?

Mr. KIRKPATRICK. I will.

Mr. LEHLBACH. Is it not a fact that such funds are in existence where they involve contracts with reference to good roads, the disability fund, and so forth?

Mr. KIRKPATRICK. I was just coming to that. This provision establishing a fund is a mere matter of bookkeeping, but the vital provision is the appropriation. No money can be paid out of the Treasury except such as is under contract by the board under these 10-year contracts that have been provided for. That is the only way in which money can go out of the Treasury. The only inquiry when they come to investigate would be, "Has the contract been made? Is the United States

bound to pay the money?" If it is, then the good faith of the Government is pledged to the payment of that money.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. KIRKPATRICK. Yes.

Mr. DAVIS of Tennessee. Does it not authorize the Shipping Board to enter into contracts, and would not they be authorized to say to the Appropriations Committee each year that they had made the contracts necessary to pay the subsidy and that would be used under the contract?

Mr. KIRKPATRICK. The situation would be the same. The Appropriations Committee would make the appropriation to meet the contracts. If this fund is not covered by a contract it does not pass out of the Treasury of the United States. If the fund appears to be more than is necessary to meet the obligation of the contract it is still in the control of the Government.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. KIRKPATRICK. Yes.

Mr. HARDY of Texas. Do not we make an annual appropriation every year under the general authorization to take care of sick and wounded soldiers? Do not we make an appropriation every year? What more sacred is there in this than in that?

Mr. KIRKPATRICK. This is a proposition where we are going to try to induce people to invest their money in large amounts, and we must, in my opinion, assure them that they are going to get what they bargained for. That is the proposition in this appropriation feature of the bill. I feel it is absolutely necessary and vital to the bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, an examination of the features of this section discloses the very remarkable fact that the Government of the United States is doing with reference to the Shipping Board what bankrupt Governments sometimes do. When a country has gotten itself into such a position that its pledged word is no longer received by its creditors it makes an assignment of its revenues. What do we propose to do here? We propose to make an assignment, the Government of the United States does, to the Shipping Board of 10 per cent of its receipts from its customs dues, certain tonnage duties, taxes, and so forth, and excess earnings paid in by shipowners. That is what is proposed in this bill.

Mr. KIRKPATRICK. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. KIRKPATRICK. Does not the gentleman think that is too broad a statement, in view of the fact that nothing goes out of the Treasury except such measures as are contracted for under the contracts to be made?

Mr. SUMNERS of Texas. It is proposing that the sovereign Government of the United States, speaking through its Congress, shall in effect make to the Shipping Board an assignment of the items enumerated. You assign, you take from the control of the people, you take from the control of future Congresses the moneys received from the duties, tonnage taxes, light money, and so forth, enumerated. Let me read section (b):

(b) Ten per cent of the amount of all customs duties paid under law in force at the time of the enactment of this act or subsequently enacted; and

(c) All excess earnings paid by the owner of any vessel under the provisions of section 416.

The Secretary of the Treasury is directed by this section to segregate and set apart these funds for a minimum period of 10 years from which to pay these ship subsidies.

I realize that in a matter of this sort, where party lines are sharply drawn, the strategy of the situation from the Democratic standpoint, to be entirely candid, is to have this bill in as bad condition as we can have it when we come to the final vote on the measure, which we want to kill.

Mr. EDMONDS. For that reason the gentleman thinks we should vote down all of these amendments?

Mr. SUMNERS of Texas. No; let me complete the statement. That is a candid statement of the strategy of the situation, but there comes times in the consideration of important legislation when the duty of a legislator rises above the question of party strategy and legislative strategy. I do not believe that we can afford, as the spokesmen of this great Republic, solemnly to assign 10 per cent of the revenues of the United States received as customs duties to the Shipping Board. I do not believe it is good legislative policy, I do not believe it is wise governmental policy, to create special funds as is here proposed from which certain obligations of the Government shall be met. The revenues of the United States as a general proposition ought to be covered into the Treasury and the money expended

by the United States ought to be appropriated from the Treasury by its regular appropriating agencies, namely, the Congress, and I hope that irrespective of party affiliations, or of your own attitude toward this general legislation this provision will be stricken from the bill. [Applause.]

Mr. LEHLBACH. Mr. Chairman, it may as well be understood that the creation of this fund is the keystone of the arch of this bill. The adoption of this amendment will destroy the entire bill. The proposition of creating a fund is not a new one in the conduct of our business. Wherever the United States as a Government enters into contractual obligations with any of its citizens in order to guarantee the good faith and credit of the Government to carry out its contractual obligations, the money necessary for that purpose is set aside, and that is the usual and ordinary procedure. That is the procedure that was adopted by the Congress when the retirement fund was created for the civil service employees. These employees contributed 2½ per cent of their salaries, and the Government contributes whatever is necessary to pay the retirement annuities. That money thus contributed by the Government to the employees and the money paid out to the annuitants does not come from the Treasury by appropriation, but it is in a fund created by the Congress for that purpose in order to guarantee to the employees that no subsequent legislation will destroy the contract under which they have changed their financial positions.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. LEHLBACH. Not at this point. The same is true with the contracts entered into with the various States with regard to good roads. The same is true with regard to the War Finance Corporation fund. It is the ordinary procedure. An attack on this fund is an attack on the essence of this bill. If you kill the fund, you can not have any subsidy; if you kill the fund, you can not have this bill, because this bill is useless without it, and we may as well understand it now. A vote for the amendment is a vote to kill the bill before we have finally considered it, and a vote to sustain it is a vote to further consider this bill and vote at the conclusion of its consideration on the bill as it then stands. I yield to the gentleman from Texas.

Mr. SUMNERS of Texas. The gentleman does not contend that with regard to the fund he has just referred to, that the Federal Government makes an assignment of part of its revenues, does he?

Mr. LEHLBACH. I do not understand the gentleman.

Mr. SUMNERS of Texas. The money is appropriated regularly from year to year. The contribution of the Federal Government to pay the insurance of the Federal employees to which the gentleman has just referred is made from year to year by ordinary appropriation, is it not?

Mr. LEHLBACH. I do not know whether it will be or not. No contribution by the Government has yet been made; but I assume that when it comes about that the Government contributes to the retirement fund, some system of automatic appropriation for the fund will be devised, and that the employees who retire will not be left to the whim of any Congress or to the failure of any particular appropriation bill, as sometimes happens.

Mr. SUMNERS of Texas. No such segregation of any particular part of the Government revenues is even contemplated in the legislation to take care of the pension, is it?

Mr. LEHLBACH. A segregation of the moneys that are paid into the Treasury by the employees is provided for; and "what is sauce for the goose is sauce for the gander."

Mr. HARDY of Texas. Mr. Chairman—

Mr. LINTHICUM. Mr. Chairman—

Mr. EDMONDS. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania rise?

Mr. EDMONDS. I would like to move that all debate close on this section.

Mr. BANKHEAD. I hope the gentleman will not object to a fair debate.

The CHAIRMAN. The gentleman from Maryland has been recognized.

Mr. LINTHICUM. Mr. Chairman, it is difficult indeed to discuss in a short speech this subsidy bill, or, as others choose to call it, this merchant marine bill. It is fraught with so many angles of discussion, so problematical, and of such vast importance to the American people it would require not alone several long speeches but months of study to properly place the matter before the people of our country. The sad part of it is, however, that after all discussion and all study has been completed the result arrived at could not be more than problem-

atical. That the enactment into law of this bill would establish a great departure in American legislation and in appropriations of Congress is very certain.

We are confronted by suggestions upon this bill presented by the President of the United States, Mr. Harding, and the chairman of the Shipping Board, Mr. Albert Lasker. Mr. Lasker is very fond of discussing matters, as we often hear it expressed in business parlance, of selling an article or a subject. Mr. Lasker is endeavoring to sell to the American people this proposal of his for a ship subsidy to be provided by this legislation. It is very certain that Mr. Lasker has sold himself to the proposition, and likewise has our President. That he or the President could ever see but one side of this great proposition is positive.

The war was concluded in 18 months after the entrance of America into the fray. Vast millions were expended in order to bring it to a conclusion, and while very expensive indeed, the expense can not be considered when we realize the thousands of human lives saved, the thousands of young men who were saved from being cripples or sightless for the balance of their human lives, the vast Treasury which was saved by quick action by reason of these consequent large expenditures.

America has nothing to regret in her large expenditures when it is considered what she accomplished. The point I am making, however, is whether we should not charge to that vast expenditure for war purposes the cost of the ships of some \$3,000,000,000, or a large part thereof, which we are endeavoring to dispose of. We must carry ourselves back to the time when England cried to America, saying "Our backs are against the wall." We must likewise carry ourselves back to the time when the submarines of the German Empire were sinking the allied ships so rapidly that it appeared enough ships could not be constructed to keep up the commerce of the nations and carry the supplies for the armies. Then it was that America launched upon the greatest shipbuilding era in the history of the world. The cry was "Ships," and "More ships," and so this mighty merchant marine was rapidly constructed and served its purpose. To-day it is estimated we have about 1,400 steel ships with an aggregate gross tonnage of 7,000,000—that is, about 500,000 in passenger ships, about 550,000 in tankers, and about 6,000,000 in freighters, making the total of 7,000,000 tonnage. Of this vast tonnage there are about 421 ships in operation, the other two-thirds being tied up. For this great fleet it is estimated that if they could be sold at all they would not bring over \$200,000,000.

The question further is, Can they be sold, which is doubtful, and if they can not be sold, then what are we to do with them? Thus we reach the proposal of Mr. Lasker that we establish a departure by creating a ship subsidy for the purchasers of these ships and for the owners and builders of ships generally.

The proposal presented by this bill is that we sell these ships for \$200,000,000, lend \$125,000,000 to recondition those ships or build others, and in 10 years provided in this bill to pay to the shipowners in subsidies \$750,000,000 or about \$75,000,000 per year. That is practically giving the ships away and presenting in 10 years to the people who purchase them some \$500,000,000 for doing so and for operating them. That is not all; it is proposed to create a revolving fund of \$125,000,000 and to loan this to these shipowners at 2 per cent interest to the extent of two-thirds of the valuation of the ships and for 15 years.

What will the farmer say when he considers that under his farm-loan legislation he is compelled to pay 6 per cent interest and then only to receive a loan of 50 per cent on the market valuation of his farm? The farmer is to pay taxes on his farm and on the income derived therefrom, but this bill provides that the shipowners shall be relieved from taxation, provided the amount which would otherwise be payable as taxes is invested in ship construction. Then, too, the man who ships on these vessels is to receive a reduction on his income taxes equal to 5 per cent of the freight paid. The result is that while the President in his address to Congress led the people to believe that this was only an expenditure from the Treasury of some \$30,000,000 per year, Mr. Lasker himself said in his testimony that the indirect benefits were more valuable than this direct subsidy benefit, and it has been estimated that the expense direct and indirect to the people of this country will exceed \$75,000,000 each year, as I have stated above; others, however, believe it will exceed that.

There is another great danger in this bill, and sad to remark, it is one which is dependent upon largely for the success of the measure; that is the so-called "elasticity of the bill." It is so elastic that it may be used to the injury of certain ports, and to the favoritism of others. This elasticity, while hard to discard, is certainly dangerous in the extreme. We people of

Baltimore are quite familiar with the fact that the smiles of the Shipping Board have not always rested upon our harbor, and we have at times been suspicious that other ports have been favored when we should have been selected. It comes, therefore, with great force upon our people, and fraught with many dangers—this elasticity question.

The pending bill provides that any sailing ship of 1,000 gross tons or more or any power-propelled ship of 1,500 tons or more may be given a subsidy under a 10-year contract at the rate of one-half of 1 per cent for each gross ton or each 100 nautical miles covered. Power-propelled ships, beginning with 12-knot ships or more, may be allowed subsidies ranging from one-tenth of a cent for a 12-knot ship to 2.1 for ships making 23 knots or over. These subsidy contracts are made by the Shipping Board—not by Congress or any committee of Congress representing directly the people, but by the Shipping Board for 10 years, absolutely obliterating the power of Congress for the next 10 years to change, modify, or alter the least detail in these contracts, no matter how much time may show the unwisdom of the project.

Moreover, the board is permitted to increase the subsidy up to double or to decrease it, or the Shipping Board may absolutely refuse any subsidy within its discretion. Under this elastic feature the board might give to a ship a greater subsidy out of one port to enable it to serve a portion of the country by a longer route that should be served by a closer port. It might consider it proper to give ships sailing from one port large subsidies to enable them to serve the country, to the detriment of the near-by port; in other words, it gives to the Shipping Board sufficient power under this elasticity clause to make or mar any port in the United States.

The President of the United States told us in his address to Congress that such aid was not new, and as an example quoted Government aid toward the construction of good roads. This illustration is, indeed, far-fetched, to say the least. As to the ships, the Government provides deep channels and harbors, lighthouses along the shore, and every facility necessary for the safe navigation of ships, and now it is proposed under this bill, in addition to the provisions made for sea routes and their safety, to give the owners of ships a large subsidy to operate ships on these routes.

The money appropriated for construction of good roads is appropriated in the interest of all the people, and not in the interest of any special class of owners or operators. The highways are open to everybody who wishes to use them, but they are not given a subsidy for using them; on the contrary, each State provides a license fee, which must be paid for using them and to defray maintenance. Quite a different proposition and in no way related.

This ship subsidy bill is nothing more nor less than a twin brother of the outrageous protective tariff bill. They carry special protection to vast favorite interests, which enable them through the tariff bill to reach down into the pockets of the American people and take therefrom to the extent of \$4,000,000,000, and this ship subsidy will enable them to reach down into the same pockets and take therefrom perhaps \$1,000,000,000 in the course of the 10 years for which the contracts are made and bestow it upon the Shipping Trust and its allied interests.

It is the policy of the Republican Party to protect special interests whether they be manufacturers or whether they be shipowners, and this iniquitous ship subsidy bill is nothing more nor less than an attenuation and enlargement of that policy. As has been well said by my friend John W. Owens, the present administration has these ships on hand; it has devolved this proposition, not knowing what to do with the ships, and it is merely jumping out of the frying pan into the fire.

Why should we not practice more economy in the overhead charges of the Shipping Board? There are now some 8,000 employees. There are but 400 ships in operation, and all of these ships are practically under contract; not more than about 15 ships are operated directly by the Shipping Board. This board is losing approximately \$4,000,000 per month. If they would cut down upon this vast list of employees and bring salaries within a fair radius, it might be possible to operate without a loss until the ships can be disposed of to private owners under better and more prosperous conditions.

As I have said, the trouble with this bill is that the whole matter is problematical. If we would deal with history, we would be convinced that ship subsidies will avail us nothing. If we would listen to the chairman, Mr. Albert Lasker, who has had only a few months' experience in the shipping business, and who is a notable advertising gentleman, and is to be congratulated upon the great success of his firm in that line, then we are at a loss as to placing any certain reliability to his statements, because shipping has not been his calling, and no

matter how great a man he is, without experience he can not speak with authority; for instance, when he testified he stated that certain gentlemen would give more definite statements as to the bill, but when it came to the time they should have made such statements many of them did not appear and others presented their opinions in writing, thereby obviating cross-examination, which is certainly vital in such matters. Chairman Lasker himself, it is stated, became so involved that he gave utterance to expressions as follows:

I had no idea you gentlemen would ask me to give the testimony. All of it has been given me, but my mind can not hold it all. You will save a lot of time if you will let us start putting on experts.

I have really only been a regular advertising expert until I came down here to handle this shipping.

I was the only man who would take this job. The President couldn't get anyone else, and as Eva Tanguay says in her song, "Gee, it is great to be crazy."

It may be "great to be crazy," but when that involves the Treasury of the United States and places additional burdens upon people already heavily taxed, it is, to say the least, not encouraging.

It is the intention of this bill to build up a great merchant marine at the expense, of course, of the British merchant marine. I can not believe that Great Britain, which now pays not more than two and a half millions in subsidies and subventions, will be driven from the sea by measures of this nature. I believe we can build up a great merchant marine, but it will require energy, perseverance, and efficiency. Moreover, it will require the patriotism of our American people strong enough to lead them to use our ships—ships flying the American flag, both in our freight and passenger service. Great Britain depends not merely upon its efficiency, but it depends upon the patriotism of not alone England but of its many colonies in various parts of the globe. It is said that the sun never sets on the British Empire, and I may add that every member of that empire is patriotic to the British merchant marine. Let the citizens of the United States and her colonies do likewise, and, with efficiency and energy, the American flag will fly on an American merchant marine sailing the seven seas of the world.

It was said that the cost of ships was what prevented the building of an American merchant marine. That obstacle has long since been removed, as the American Government is ready to supply ships at far less than Great Britain or any other country can construct them. It was said that the marine act made it too expensive to operate an American merchant marine, but Mr. Lasker in his testimony has exploded that theory.

If you remember, it has not been long since we created a Budget system, and we led the people of this country to believe that after the creation of that system they would know definitely what this Government would cost them. But here we are, almost at the threshold, assigning under section 402 of this bill a very large part of the income of the National Government. By paragraph A we assign to the Shipping Board fund all tonnage duties, tonnage taxes or light money, some \$5,000,000. Under paragraph B we assign to it 10 per cent of all customs duties derived from the tariff act, some \$45,000,000. As to section C, which provides for payment to the Shipping Board fund of all excess earnings, I do not believe that Uncle Sam will ever receive any part of the money thus earned. If you will remember, under the Federal reserve bank act we created a system by which the United States was to receive a part, after the payment of a certain percentage, and just the moment we reached that point, after collecting excessive interest rates, after they had amassed a very large fund, and it looked as though something was going into the United States Treasury, what happened? Why, in New York they said we want a bank and grounds which will cost \$27,000,000; in St. Louis they wanted the same thing, which would cost \$7,000,000; in Richmond they wanted the same thing, which would cost \$5,000,000. I do not know what they want in New Orleans, but I will wager before they get through with the expenditures on these vast buildings they are proposing there will not be one cent of excess earnings from the Federal reserve system coming into the United States Treasury, and thus will it be with the earnings from the Shipping Board.

Mr. STEVENSON. If the gentleman will yield, did not this very Congress in order to stop the expenditures say that they could not spend more than \$250,000 without authority of Congress?

Mr. LINTHICUM. The gentleman is absolutely correct. Here in this Congress, after creating a Budget system to show the people of the country what the Government was costing them, they propose to make these assignments of the revenues of the United States to this Shipping Board fund and to leave to the board the expenditures therefrom. Now, gentlemen, if

all that is to be done, then the President was not fair to this Congress and this country when he said that it was costing \$52,000,000 to run the merchant marine at the present time, and if we give \$30,000,000 we would save to the people \$20,000,000 in the running of the merchant marine under this bill. I think we ought to have had more time and not limited debate in reference to amendments. We should not have tied ourselves to the time of the vote on the measure, which is of such vast importance to the American people. We should not have had a certain time to vote without knowing what amendments are to be offered.

There is another thought I have in mind which should be brought out. If you remember, this ship subsidy bill was considered by the committee during the early part of this year, and the President at that time stated that it must be passed before the adjournment of Congress. Certain leaders surrounded him and persuaded him not to press the measure. The measure was not presented to Congress but was deferred until this special session and after the general election. It was discussed, however, throughout the country and it was generally understood would be brought up at the next session. The people repudiated the Republican Members, indicating as clearly as anything could that no such legislation was desired, and yet here we have the sad spectacle of a party repudiated at the general election placing upon the statute books legislation which binds the hands of a nation for the next 10 years.

If the measure is a good one, why should not the President have left it until the new Congress comes in fresh from the people who will voice the sentiments and desires of their constituents? It is an outrage upon the American taxpayer to bind the Nation and its Treasury in a matter such as this when the people have spoken so explicitly at the general election.

I have said previously that history demonstrates a subsidy will not create a merchant marine, and in substantiation of that fact I introduce as a part of my remarks extracts from the report which Professor Borchard made to the Shipping Board. Here are the extracts:

GREAT BRITAIN.

Mr. Meeker (Dr. Royal Meeker) adds that the payments were in large part concealed bounties. He says that postal subventions did not first establish steamship communication between England and North America, and that the subsidies hindered rather than helped the natural development of steam navigation. The Cunard Co. was helped to make large profits, but the subsidy did succeed in establishing a regular line of steamers earlier than might otherwise have been the case. But while Cunard was aided others were correspondingly discouraged. Mr. Meeker adds that the benefits to the war navy were equally fictitious.

In 1902 the British Board of Admiralty declared that the payments to steamship companies by that board were worse than wasted.

The net postal subvention, after deductions, paid by England to its various services amounts to about \$2,500,000.

HOW BRITISH MARINE GREW.

All the writers seem to agree that the growth of the British merchant marine is in no sense due to the small subsidy paid, admitting that the payments are in excess of the postal service rendered. The growth of the British marine was probably due to the early development of British industry, the acquisition of extensive colonial possessions, and the monopolistic or preferred position in colonial trade. The cheapness of construction and the concentration on the business account for most of its success.

FRANCE.

France appears to be the country of subvention par excellence, although in 1910 its merchant marine was outranked by Great Britain, United States, Germany, Norway, and Japan. In 1881 its enlarged program of direct subvention began.

There seems to be a general agreement that the French subsidy system, which has been more or less the model for Italy, Spain, and Japan, has been a failure. It has not given the benefits to the French merchant marine that were expected, although it is safe to say that without the subsidies the French merchant marine might by this time have been almost depleted.

ITALY.

The results of the subsidy in Italy have not been any more successful than in France, although Italy has a long seacoast, a dense population, efficient marine workers, and low wages. She is handicapped, however, by a lack of coal and a highly developed iron and steel industry.

In 1870 Italy had a tonnage, mostly sail, of about 1,000,000. In 1911 they had 1,100,000, an increase of 100,000 tons, although the proportions between sail and steam were over 700,000 for steam and 400,000 for sail.

SPAIN AND PORTUGAL.

The bounty on Spanish-built ships has been in force since the tariff law of 1889. It is partly to compensate domestic builders for the tariff paid on imported materials. These bounties run from 40 pesetas (7.72 cents) per gross ton per 1,000 miles on wooden ships to 75 pesetas (14.48 cents) on iron or steel ships per total registered ton.

Apparently the subsidy had little effect in increasing Spanish ship-building.

Portugal's shipping had not increased greatly since 1900, namely, from about 100,000 tons to 114,000 tons net. The Portuguese subventions have not been large, remaining at about \$150,000 since 1889, and being confined principally to the maintenance of regular steamship communication between Portugal and her colonies. They are primarily postal subventions.

JAPAN.

Japan aids shipping somewhat on the system of France, but being more industrially favored than France the system has been far more successful in Japan.

THE NETHERLANDS.

Government aid is largely confined to postal and colonial subventions for the maintenance of regular communications between the home country and the Dutch colonies in the Far East and the West Indies. The grants are in excess of the cost of postal service and to that extent are subsidies, but the Government has secured the free carriage of mails and the important colonial object of regular communication with the colonies.

DENMARK.

Denmark has not given much State aid, but no particular conclusions can be drawn from the Danish experience.

NORWAY.

The small shipping subsidies which Norway has granted to its merchant marine can not have had a material effect on this growth, which is due to other circumstances, namely, geography, seafaring ability, liberal navigation laws, and a low cost of production.

SWEDEN.

Sweden's merchant marine is about half that of Norway and ranks ninth among the merchant navies of the world. It rose from about 350,000 tons in 1870, almost all sail, to about 900,000 tons in 1914, of which one-sixth only was sail. This growth is not due probably to Government aid, but to the growth of the industries of the country.

GERMANY.

Prior to the war, however, Germany had reached perhaps the greatest growth in her merchant marine. This was not due to subsidies or to any form of Government aid that can be established. The greatest line in the world, the Hamburg-American, is said never to have received a cent of Government subsidy.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. CHINDBLOM. Mr. Chairman, I ask recognition in opposition to the last speaker.

Mr. HARDY of Texas. Mr. Chairman, I have been seeking recognition even before the gentleman from Maryland, and I thought the Chair said he would recognize me next. If I am assured of five minutes I do not care where I come in after the gentleman from Illinois.

Mr. CHINDBLOM. Let us have some arrangement about time.

Mr. EDMONDS. I move that debate on this section and all amendments thereto—

Mr. HARDY of Texas. I do not think the gentleman has the floor.

The CHAIRMAN. The Chair has not recognized the gentleman from Texas. What proposition does the gentleman from Pennsylvania make?

Mr. EDMONDS. I move that all debate on this section and all amendments thereto close in 10 minutes.

Mr. GARRETT of Tennessee. If the gentleman will withhold that a moment and let me make a suggestion. I am sure the gentleman from Pennsylvania knows that this side is not disposed to try to delay this bill in any way whatever, nor to indulge in any captious debate. This, as stated by the gentleman from New Jersey [Mr. LEHLBACH], is a very important section, and there are several gentlemen who want to be heard upon it, and I would be very glad if the gentleman will be more liberal than closing debate at the end of 10 minutes.

Mr. EDMONDS. Can the gentleman give me any idea as to how much time there is desired?

Mr. GARRETT of Tennessee. Fifteen minutes is desired on this side.

Mr. FREAR. I wish two minutes in which to offer an amendment, and I understood the gentleman from Pennsylvania to say I must take care of myself.

Mr. EDMONDS. I will ask that all debate on this section and all amendments thereto close in 30 minutes, 15 minutes to each side, to be controlled by the majority members of the committee. Well, I will make it 20 minutes on each side.

Mr. GARRETT of Tennessee. Name the parties.

Mr. EDMONDS. To be divided equally between those in favor of the bill and those against the bill.

Mr. GARRETT of Tennessee. Controlled by whom?

Mr. EDMONDS. By Mr. GREENE of Massachusetts and the gentleman from Texas [Mr. HARDY].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania that there be 20 minutes debate on a side, the time to be controlled on the several sides by himself and the gentleman from Texas. Is there objection? [After a pause.] The Chair hears none. The Chair recognizes the gentleman from Texas.

Mr. HARDY of Texas. Mr. Chairman, on this amendment to this paragraph which the gentleman from New Jersey [Mr. LEHLBACH] says is the key to the bill, I would like to be heard by the patient, thinking Members on that side. The gentleman from New Jersey calls this paragraph the key to the bill.

Have we reached the point where there is any branch of this Government that must be independent of Congress as to the appropriations for carrying out its functions? Never before in

the history of this country have we had an independent arm of the Government with an independent treasury to draw from; never have we had an independent arm of the Government that did not have to come to Congress to request appropriations.

Now, let me tell you what this section does. It could authorize the appropriation of \$125,000,000 a year for the purpose of carrying out the intent of this act, and that would leave it to the Congress always to appropriate that much or a portion thereof; but the money would not be set aside and could not be paid without an appropriation. Under this paragraph, however, there come not into the Treasury of the United States proper but into the Treasury to be set aside by the Secretary in a special fund certain revenues. What are they? First, 10 per cent of all the import taxes, and our import taxes for the coming year are estimated at \$450,000,000. That is \$45,000,000 which will go into this special fund. Certain dues from tonnage, dues estimated at \$6,000,000. That is \$51,000,000 that goes into that fund in the very fiscal year in which this law is passed. What else? The President says it will require about \$15,000,000 or less during the first year of the administration of this act. What becomes, then, of the balance of the \$51,000,000? Why, it lies there, a sacred fund, which Congress can not touch, segregated from the general funds of the Treasury, and for all purposes of legislation it is practically spent, because you have not got it to draw against for any other purpose.

Why, gentlemen, this law is so tremendous in its far-reaching effect that if we did not spend in subsidies more than \$15,000,000 per annum on the average for the next five years we will accumulate in this fund, made sacred by this law against the uses of the Government for any other purpose, some \$200,000,000 set aside from the tariff revenues and the tonnage dues and the other sources mentioned that we can not touch. Do you want that?

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. SANDERS of Indiana. Suppose we entered into these contracts providing for a yearly appropriation, and the gentleman from Texas was in Congress when the next appropriation bill came up. Would the gentleman be willing to vote to appropriate the money to carry out the law?

Mr. HARDY of Texas. Oh, I will say to the gentleman that we leave our sick and wounded soldiers to be appropriated for by the committees of this Congress and by the action of this Congress. [Applause on the Democratic side.] But here is an interest so strong that it comes before Congress and demands that it be not required to approach Congress as every other organization and every other interest of the country does, but that this permanent fund be set aside for it, not to be touched for any other purpose, and paid out to shipowners on warrants drawn by the chairman of the Shipping Board.

Mr. SANDERS of Indiana. Would the gentleman be willing to vote to appropriate the money to carry out the terms of the contract next year?

Mr. HARDY of Texas. I may not be here next year, but if I were, I would be willing to vote. I would never vote to repudiate a contract or obligation.

Mr. SANDERS of Indiana. What is the difference between doing it now and doing it next year?

Mr. HARDY of Texas. The next year you will probably have more than enough, and this does according to the President's statement appropriate three times as much as will be needed. He says \$15,000,000 will run the ships, and this bill appropriates \$45,000,000 from the tariff revenues.

Mr. KIRKPATRICK. This does not appropriate anything, does it?

Mr. HARDY of Texas. It certainly does; it sanctifies it and segregates it and prevents it from ever coming into the Treasury. It makes it a special fund to be placed to the credit of the Shipping Board and paid out on its draft.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. STEVENSON. And at the bottom of page 25, beginning with line 23 of the bill, it says, "All moneys in the fund are hereby permanently appropriated."

Mr. HARDY of Texas. That next section is not needed. It is appropriated by this section. It never will go into the general funds. It is permanent; it is segregated and sacred. Here comes an interest which is to receive great rights and privileges from Congress, and it says, "We will not trust a future Congress; we demand that you fix it so no future Congress can deny us." [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CHINDBLOM. Mr. Chairman, one would think this was a most extraordinary and unusual proposition, while the fact is that no less an authority than the chairman of the Committee on Appropriations has said that there are probably more permanent appropriations than there are temporary or annual appropriations; that is, that there are more appropriations made by permanent law than are contained in the annual appropriation bills.

Let us see what some of these permanent appropriations are. All expenses incident to the floating of Government loans, the preparation and issuance of reserve notes, the preparation and issue and custody of farm loan bonds, the cost of recoinage of silver, the repayment to importers of excessive deposits under the tariff laws, the debentures, drawbacks, bounties, and allowances under the customs or tariff laws; the sinking fund, by which the national debt is paid; the interest on the public debt, the redemption of Government bonds, obligations retired from Federal reserve banks for franchise receipts, all expenses for cooperative vocational training and education in agriculture, trades, teachers, and industries, all expenses for the cooperative rehabilitation and vocational education of persons injured in industry, and a number of other matters that I have not time to take note of at this moment. The fact is, Mr. Chairman, that the permanent appropriations exceed those which are made annually in the appropriations by Congress.

This is a proposition under which the United States Government will make contracts for 10 years with operators of vessels and will assure to them and will promise to them and undertake to pay them the Government aid which is provided for in this bill. If there is no permanent unassailable authority for the payment of this compensation, of course no business man will enter into a contract with the Shipping Board representing the Government for the investment of his money.

I want to emphasize what was said by the gentleman from New Jersey. If you want to kill this bill you can do it by the elimination of this provision. This is the one provision which is absolutely necessary for the practical operation of this legislation. Some concessions have been made and other concessions doubtless will be made from what the committee firmly believe to be actually essential for the accomplishment of all the purposes of this bill, but on this proposition there can be no concessions; because, unless we are able to say to men who want to invest their funds in the shipping business that their return is assured, that the payment of their compensation is assured and not dependent upon the action of Congress annually in the passage of appropriation bills, we might as well make up our minds that we are going to be successful in performing the things designed by this bill.

Mr. Chairman, I said yesterday that this committee has no pride of authorship in this bill; but this is an essential. This is absolutely necessary. Unless we have the fund created by this legislation, the question will be raised every time an appropriation bill is passed whether this compensation should be paid. The Government proposes to keep its contract. We propose that the Government shall keep faith. When we authorize the making of these contracts for 10 years we intend that the subsidy, or the aid, or the compensation shall be paid to shipowners and to ship operators, and if we so intend, why not make that declaration now? If a subsequent Congress should feel disposed to repudiate the solemn obligation of the Government, let that be their business. But so far as this Congress is concerned, if this Congress intends to pass a bill of this character, to promote and establish and maintain the merchant marine by the granting of Government aid, it must do the full job, it must perform its full duty, without equivocation and without leaving it to subsequent action to make effective the acts which are taken by this Congress.

Further on there will be discussions as to details for the expenditure and the use of this fund. This section merely creates the fund and provides for setting aside the money in the Treasury of the United States.

Mr. HARDY. I yield five minutes to the gentleman from Nebraska [Mr. ANDREWS].

Mr. ANDREWS of Nebraska. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. ANDREWS of Nebraska. Mr. Chairman, we need, and ought to have, an American merchant marine. It should be highly efficient and responsive to the commercial and financial interests of the people of the United States. I believe that there is quite common agreement upon these points. Issue is

joined, however, when we begin to discuss the methods by means of which this policy is to be carried into execution. Personally I am not in sympathy with the idea of subsidies in any particular whatever as a fundamental principle of government. However, we know that Government aid under different forms is extended in various directions. We have in point just here a very forceful comparison. This bill means transportation by water. A few years ago discussion was centered upon transportation on land, and the railroad problem was the dominant question. Then Congress voted subsidies to railroads amounting to over \$2,000,000,000 for 26 months for the operation of the railroads. When you put the subsidy of \$30,000,000 a year as proposed in this bill in comparison with that proposition the figures fade into insignificance. Nevertheless, the principle remains. Here we have the proposition that we are to take funds that come into the National Treasury and pay them as subsidies to private or corporate ownership in the operation of ships.

Whether the amount be large or small, the principle remains the same. Having helped to abolish subsidies for railroads, I am opposed to subsidies for ships also.

Our farmers and manufacturers should not be dependent upon the merchant vessels of foreign countries to carry their surplus products to the markets of the world.

We should avoid in every reasonable way the reduction of our circulating medium by the payment of tonnage fees to the shipowners of foreign countries.

A merchant marine owned and operated by Americans and American capital under American charters and the American flag would give to our people the best possible advantages for access to foreign markets at the most favorable times for good prices for the products of American labor.

I am thoroughly in sympathy with these fundamental principles and deeply regret that the subsidy and loan provisions of this bill seriously interfere with their application. My mind inclines toward the continuance of existing conditions temporarily, in the hope that these objectionable features may be ultimately removed.

Some of the arguments advanced by the minority members of the committee reporting this bill prompt me to ask the following question:

How would the maximum amount of subsidies proposed in this bill compare with the total amount of subsidies exceeding \$2,000,000,000 voted by a Democratic Congress (Sixty-fifth) to the railroads of the country through the Federal control act of March 21, 1918?

It should be remembered that a Democratic Congress voted those railroad subsidies upon the National Treasury and that a Republican Congress (Sixty-sixth) abolished them. In this connection note a few facts, as follows:

In 1912 the railroads of this country were furnishing the best and cheapest transportation that has ever been enjoyed by the American people. That condition had been developed under Republican legislation and administration, extending through a period of nearly 50 years.

In 1913 the Republicans were retired from both legislative and executive branches of our Federal Government.

Between 1915 and 1921 the Democratic Party under the leadership of Woodrow Wilson enacted legislation and adopted executive policies that resulted in the advancement of railroad rates to the highest point ever known in American history. The peak was reached in 1920. Under those conditions the people not only paid the highest transportation charges, but they have also been required to pay billions of dollars into the National Treasury through taxes and loans to discharge the financial obligations which the Wilson administration imposed upon the country by guaranteeing net returns to the railroads.

The Wilson-McAdoo guaranteed subsidies to railroads were enacted into law by the Federal control act of March 21, 1918. That act was repealed by a Republican Congress, so that Government control ceased on March 1, 1920, and all guaranteed rates were abolished, to take effect September 1, 1920.

According to the terms of that act, the guaranty was to extend 21 months beyond the date of the issuance of a proclamation of peace with the Central Powers. That proclamation was issued July 2, 1921. Thus the Wilson-McAdoo subsidy carried in the Federal control act would have extended to April 2, 1923. The transportation act of 1920, however, repealed that subsidy, to take effect September 1, 1920, 31 months earlier than the termination of the Wilson-McAdoo guaranty, thus releasing our National Treasury from an additional liability of \$1,937,000,000.

The Railroad Labor Board appointed by President Wilson advanced wages to their highest point in 1920, and in the same year the Interstate Commerce Commission, also appointed by

President Wilson, advanced railroad rates to their highest point. Crown Prince McAdoo did not, however, increase railroad rates sufficiently to balance the increase of wages made by him during his control of the roads as director general. Consequently the Interstate Commerce Commission made a larger increase in rates in 1920 than would have been required if the crown prince had discharged the duties of director general properly.

The Republican administration at Washington has been gradually developing plans during recent months for the restoration of the transportation business of the country to a normal peace basis. The most serious difficulties encountered in that effort are the influences of the Democratic policies established under Mr. McAdoo.

Every dollar that has been taken from the National Treasury to pay those subsidies to the railroads was levied by the Wilson administration under the Federal control act of March 21, 1918. While our Democratic opponents voted for those subsidies, we abolished them.

All guaranties mentioned in the transportation act of 1920, sometimes called the Esch-Cummins Act, are reproductions of like provisions of the Federal control act, and were thus allowed to continue for a period of six months to avoid a financial collapse and general strikes throughout the country.

The Wilson-McAdoo subsidies have cost the National Treasury over \$2,000,000,000 already; and if the law had run its course to April 2, 1923, they would have created additional liabilities approximating \$1,937,000,000.

The figures expressed by the wildest flights of imagination in connection with this shipping bill fade into insignificance in comparison with the railroad subsidies voted by a Democratic Congress out of the National Treasury through the Federal control act.

As our Democratic opponents voted railroad subsidies exceeding \$2,000,000,000 for 26 months, why should they hesitate at the ship subsidies specified in this bill?

As I have heretofore opposed railroad subsidies and helped to abolish them, I now oppose ship subsidies, and for that reason will record my vote against this bill unless the subsidy provisions should be eliminated.

Mr. CLARKE of New York. Will the gentleman permit a question?

Mr. ANDREWS of Nebraska. Certainly.

Mr. CLARKE of New York. How do you expect to get a merchant marine? What is your idea?

Mr. ANDREWS of Nebraska. I am in favor of going forward for the time being, laying pressure upon more efficient management under Government operation, and with the revival of business hoping to get a better market for the sale of the ships and a better opportunity for the National Treasury to increase its revenues to pay the bill.

We are advised by the House Committee on Appropriations that the operating expenses of our merchant vessels now exceed their receipts by \$50,000,000 a year. This deficiency, of course, is covered by direct appropriations from the Treasury. The House Committee on Merchant Marine and Fisheries which reported this shipping bill informs us that the annual payments to cover subsidies will amount to \$30,000,000 a year. In this judgment the President's message seems to concur. Thus it appears that the passage of this bill in its present form would not reduce annual expenditures beyond \$20,000,000 a year.

This fact suggests numerous inquiries. How many times \$20,000,000 would the Government lose in the sale of these ships upon the depressed market? On the other hand, how many times \$20,000,000 could be realized from the sale of the ships at a later date when the general business conditions of the Nation and the world are revived? Will not expanding business bring a better market for ships as well as other things? Would it not be wise to try out the problem of Government operation here and now while we have the ships?

The results of that test would go a long distance toward settling in the minds of the people of the country the advisability of Government ownership and operation of public utilities.

According to the evidence from both committees, the maximum loss would not exceed \$20,000,000 a year, and that might be the minimum expense for testing out the theory of Government ownership and operation of an American merchant marine.

In making these tests it will not be necessary for the Government to commit itself on either side of the question of Government ownership and operation. Let the tests themselves demonstrate the results and upon the ground of those results let us form our conclusions.

For one I am ready to make that test and abide by its results rather than vote for the passage of this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. EDMONDS. I yield two minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. HARDY of Texas. I yield to the gentleman from Wisconsin [Mr. FREAR] two minutes additional, making four in all.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] is recognized for four minutes.

Mr. FREAR. Mr. Chairman, I think I have a solution for this dilemma into which we have been so unfortunately forced. I hope the House will agree with me on it. We recognize that there is a shortage in the Treasury to-day of \$670,000,000, as stated by Secretary Mellon; that the Commissioner of Internal Revenue day before yesterday gave out a statement that the Treasury income returns this year are \$1,400,000,000 less than they were last year. The Executive of this Government, in his wisdom and in a belief that it is proper to keep in the Treasury a sufficient amount to provide for unusual expenditures, proposed in the case of the soldiers' bonus bill that the bill itself should provide the means to finance it. That may be a right proposition. If so then, it is now. I am going to submit my amendment without discussion. I propose an amendment at the end of line 13, on page 24, striking out after the word "and" and inserting—

that no part of the \$125,000,000 loan fund shall be paid under the provisions of this bill until and after the reenactment of the excess-profits tax law by Congress.

[Laughter and applause.]

I yield back the remainder of my time.

Mr. EDMONDS. Does the gentleman from Wisconsin offer that as an amendment?

Mr. FREAR. Yes; I offer it.

Mr. EDMONDS. Then, Mr. Chairman, I reserve all points of order.

The CHAIRMAN. The Clerk will report the amendment.

Page 24, line 13, after the word "and" insert "that no part of the \$125,000,000 loan fund shall be paid under the provisions of this bill until and after the reenactment of the excess-profits tax law by Congress."

Mr. EDMONDS. Mr. Chairman, I make a point of order against the amendment.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. The time taken for a discussion of the point of order will not be taken out of the time allotted for discussion of the amendment?

The CHAIRMAN. No; if there is a discussion on the point of order, it will not.

Mr. EDMONDS. I make the point of order.

The CHAIRMAN. What is the gentleman's point of order?

Mr. EDMONDS. That it is not germane to the question at all. This paragraph is for the purpose of setting aside a certain sum of money by the Treasury Department, and the gentleman's amendment is to raise taxes.

The CHAIRMAN. The Chair sustains the point of order.

Mr. FREAR. Will the Chair hear me a moment?

The CHAIRMAN. The Chair will hear the gentleman briefly.

Mr. FREAR. It is impossible to take from the Treasury something that is not there; so I desire to provide money for the Treasury that they can take out.

Mr. LONDON. Mr. Chairman, I would like to be heard a moment on the point of order.

Mr. SNELL. Mr. Chairman, has not the Chair ruled on the point of order? I make the point of order that it is not in order to discuss a point of order after it has been sustained.

The CHAIRMAN. The Chair ruled before there had been any discussion on the point of order, and the Chair will hear the gentleman from New York briefly.

Mr. LONDON. I claim, Mr. Chairman, that it is in order, because the payment is made contingent on the occurring of a certain event. In Title III, relating to the transportation of immigrants by water, the going into effect of section 301 is made dependent upon future action by the President in regard to certain treaties. By this amendment section 402 is to go into effect only when Congress shall have taken certain legislative action, namely, when it shall have enacted an excess-profit tax law. I think it is entirely in order.

The CHAIRMAN. The decisions seem to be uniform that propositions of this sort can not be brought in; that extraneous matter not germane to the matter under consideration can not be brought in in this way, and the Chair sustains the point of order.

Mr. EDMONDS. Does the gentleman from Texas wish to yield any time on that side?

Mr. HARDY of Texas. How much time has the gentleman used?

Mr. EDMONDS. I think I have used seven minutes.

Mr. HARDY of Texas. I believe we have used 12 minutes.

Mr. EDMONDS. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. SANDERS].

Mr. SANDERS of Indiana. Mr. Chairman, the motion is to strike out the section providing for the creation of a fund. It is not proposed that it shall be stricken out and something substituted, but it is proposed to strike out the section which lays the basis for the general appropriation. There seems to be some contention by gentlemen on the other side that this is abdication of the power of Congress. As a matter of fact, it is not; it is simply the exercise of the power of Congress. We are dealing with a proposition that covers a long period of years.

The Constitution provides not for annual appropriations. It makes this provision: That no money shall be drawn from the Treasury except in pursuance of an appropriation made by law. There is only one limitation that I know of, and that is in the provision of the Constitution with reference to raising money for the support of the Army, and that is limited to two years.

The Constitution does not contemplate that appropriations shall be made annually. That is done because ordinarily we carry on the business of the Government, pay salaries by the year, and so forth, and in the course of events the great number of expenses are incurred annually. As shown by the gentleman from Illinois [Mr. CHINDBLOM], a great many funds are created and carried over for a period of years. I suppose those who vote for the measure are expected to carry out the terms of the law. I asked the gentleman from Texas [Mr. HARDY], when he was on the floor, if he was in Congress and we had contracts and there was a liability by the Government, whether he, as a Member of Congress, would vote the money to pay it? He refused to answer at first, but finally said that he might. If he would, if Congress is in earnest, if we are in good faith, I do not know why we should not create a fund to provide for the payment and take it out of that fund. There is nothing indefinite about it. The contracts are definite. The amounts to be paid are definite, and it is purely an administrative matter to determine the amount due. I think we have created a fund, and properly so, to cover the entire matter.

Mr. HARDY of Texas. Will the gentleman yield for a question?

Mr. SANDERS of Indiana. No; I yield the floor.

Mr. EDMONDS. Will the Chair state how the time stands?

The CHAIRMAN. The gentleman from Pennsylvania has 10 minutes and the gentleman from Texas has 9 minutes.

Mr. EDMONDS. We have but one more speech on this side.

Mr. HARDY of Texas. I yield five minutes to the gentleman from South Carolina [Mr. BYRNES].

Mr. BYRNES of South Carolina. Mr. Chairman and gentlemen of the committee, I am in favor of the pending amendment. It is in accord with the declared policy of the Republican majority of this House. When this Congress first convened, if there was one thing promised by the leaders of the Appropriations Committee it was that they were going to make an honest effort to so appropriate the moneys of the Government that hereafter a citizen of this country could easily learn each year what the Government was costing them. Following that policy the chairman of the Appropriations Committee called upon every department to submit a report to Congress setting forth every permanent appropriation and every revolving fund. He has declared time and time again on this floor that he would before the adjournment of this Congress introduce a bill repealing every one of these permanent appropriations, revolving funds, and indirect appropriations, not only because Congress and the people were entitled to know what the Government is costing them but because experience on the Committee on Appropriations has shown that the existence of a permanent fund has often been an inducement for extravagance upon the part of the men who handle that fund. Gentlemen will notice that your floor leader, the gentleman from Wyoming [Mr. MONDELL], said of this particular provision in the bill—

I have some doubts as to the wisdom of that appropriation. I am not certain how I shall vote on the question, but I do know that in taking up an important matter of this sort the House should not bind itself in advance.

Your leader made that statement because from an experience of 20 years he knows there could be no more vicious legislation than that which is attempted by this provision. The gentleman from Illinois [Mr. CHINDBLOM] has sought to defend it, and how weak is the defense! He tells you that in the past some Congress created a revolving fund. That is true. During the war it was often done. But is that any reason why now, in

time of peace, the same errors, the same wrongs, about which others have inveighed on this floor, should be again committed? If there is anything that men acquainted with appropriations of the Congress have hoped, it is that with the end of the war there would be an end to this; and yet now you come in here, in the closing days of the Congress, and seek to violate every policy you have made on this subject. The gentleman from Illinois said that permanent appropriations have been made for other purposes, including roads. He is wrong in that.

Mr. CHINDBLOM. I did not mention roads.

Mr. BYRNES of South Carolina. I thought you did, and I am very glad to learn the gentleman did not, because here is what happened in respect to roads. This Republican majority passed a bill upon the subject of public roads only a few months ago. They would not appropriate for roads, but merely authorized an appropriation. The bill went to the Senate. The Senate struck out that provision and inserted a provision making an appropriation covering three years. What happened? Knowing it was unwise to make such an appropriation, when the bill came back here you properly and rightfully insisted upon the position I now urge upon you. Your conferees stood out against the Senate demand, insisting that it be made solely an authorization. You demanded when it came to the appropriation for the roads of the country that officials be made each year to present their budget to the Congress in order that the Congress and the people might know what was going on, and you won out in that respect, because you were right. Now, you say that you can not make these contracts because of the lack of appropriations, and yet in the Post Office appropriation bill for this year you specifically provide how it can be done with the road fund. You authorize the Secretary of Agriculture to make contracts for a period of years specified in the appropriation bill without making an appropriation, and in like manner you can do it in this bill for as many years as Congress thinks wise.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. HARDY of Texas. Mr. Chairman, I yield the gentleman the four additional minutes which I have.

Mr. BYRNES of South Carolina. Mr. Chairman, I was referring to the fact that the Post Office bill specifically provides for authorizations which would enable you to contract for from three to five years. My own opinion is, however, that it is unwise to do that. I think the present Congress should not in this matter bind the Congress for 10 years, as provided in this bill. If you want to specify a term of years, for which a contract may be made, we ought to limit it to two years, the life of a Congress. The gentleman from Illinois [Mr. CHINDBLOM] said that if a contract was not made for 10 years shipowners would not make the contract. Do you mean to tell me that if I were a shipowner to-day, operating without a subsidy, and you came to me and said that you would give me a subsidy for two years but no longer, that when I was getting nothing I would refuse to take a subsidy for those two years? Why, a contract of that kind would be accepted so quickly it would make your head swim.

Mr. J. M. NELSON. What is the consideration for the contract?

Mr. BYRNES of South Carolina. I am not going into the merits of it. I simply want to stick to the appropriation end of it. Ten per cent of all customs duties shall be set aside to pay the subsidy. What will this amount to? In October the duties amounted to \$40,185,835.

Up to November 24 it amounts to \$37,716,000, which is at the rate of \$45,000,000 per month. So that by this provision in the bill you are going to put into the fund available for this purpose of paying subsidies between \$45,000,000 and \$50,000,000 a year. The President of the United States, speaking from the platform here, told us and told the country that certainly for years to come they would need but \$15,000,000. The gentlemen in charge of the bill on this floor, man after man, have asserted the same thing. Why, if it will cost but \$15,000,000, should we set aside \$50,000,000 a year out of the Treasury, in which there is a deficit, according to the President? Then look at the next page of the bill and you will see that it is made a permanent appropriation, so that it will accumulate from year to year. Instead of being \$50,000,000 next year, they will carry over \$35,000,000, according to the President, making the fund next year \$85,000,000. Why do it? What is behind it? Why not make them come to Congress, just as every other department of the Government ought to be made to do, and give to Congress the situation as it is, telling us what they have paid out during the past year and what will probably be paid out, so that the Members of Congress and the country will know what is going on.

At the present time the subcommittee of the Committee on Appropriations on Naval Affairs is making up the naval appropriation bill. That committee intends making an effort to take out of that bill all these permanent and revolving funds. That bill will come to the House in the next few weeks, and we will boast of our achievement, and yet to-day it is proposed to enact in this bill an entirely different policy. This Congress will expire March 4 next, and it is proposed to authorize contracts for 10 years, make a permanent appropriation, and prevent action by the new Congress. Why, even four years from now some Republican Congress may determine that the shipping business is on such a basis that this bill should be repealed. But under these provisions your officials could, before a bill was signed, make a contract for 10 years and practically prevent a repeal. Surely that is not the object. I do not think you want to do that. The necessity for a permanent appropriation does not exist, no man has shown it, and good legislation and economy demand that this amendment be agreed to. Then you gentlemen of the committee can come forward and offer an authorization such as is carried in the Post Office appropriation bill on the subject of roads. My friend from Illinois says that we have not offered such an amendment. I think the committee in charge of the bill ought to do that. I think they ought to bring in an authorization that will permit contracts for not more than two years and require appropriations from the fund to be made annually by Congress.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. EDMONDS. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.
The Clerk read as follows:

Amendment offered by Mr. MADDEN: Page 24, after line 15 insert, "no expenditure shall be made from the merchant marine fund except out of the appropriations made annually therefrom by Congress for carrying out the purposes of this act."

Mr. MADDEN. Mr. Chairman and gentlemen of the committee, I want to say this, that it is all right enough to create a fund; it is very proper to create it. We created such a fund for the development of reclamation and then we put a provision at the end of that act similar to this. If that provision is good in the reclamation act it ought to be good in this act. Congress has never refused to appropriate out of a fund created by law, and I have no doubt but that the Congress will continue to obey the law and appropriate from time to time as the need develops. There is no need for us to fix an upset sum which may be two or three times the amount needed when we have Congress present which can every year fix the exact amount needed. The Appropriations Committee is the servant of the House. They will always be ready to consider the problems which confront the House. Every law enacted which places an obligation upon the Congress that requires an appropriation has been strictly adhered to by the Committee on Appropriations in the past, and that will be true as to the future. Contracts entered into under this act will be a sacred obligation and will not be ignored by the Appropriations Committee or the Congress.

Mr. HARDY of Texas. Will the gentleman yield for a question for information?

Mr. MADDEN. I will.

Mr. HARDY of Texas. Would the amendment of the gentleman leave this revenue in the general fund except what was appropriated, or would it be set aside by the other terms and have to remain whether appropriated or not?

Mr. MADDEN. The expenditures from year to year are subject to the action of Congress out of the fund. Now, if some disposition is to be made of the balance of the fund it would be easy for the Congress to do that whenever the need arises.

The CHAIRMAN. The time of the gentleman has expired.

Mr. EDMONDS. I yield one minute to the gentleman from Wyoming [Mr. MONDELL] and the remainder of my time to the gentleman from Ohio [Mr. FESS].

Mr. MONDELL. Mr. Chairman, this amendment offered by the gentleman from Illinois [Mr. MADDEN] should be adopted. With the amendment adopted we will have a fund, which the bill very wisely provides, such as we have now under the reclamation law. Out of that fund Congress will make the necessary appropriations for carrying out the provisions of the bill. I have no doubt, I have no question, but what Congress will make all appropriations called for to carry out the contracts and operations. I believe it is better practice than

to have a permanent appropriation over which Congress has no authority.

The CHAIRMAN. The time of the gentleman has expired.

Mr. EDMONDS. I yield the remainder of my time to the gentleman from Ohio [Mr. FESS].

The CHAIRMAN. The gentleman is recognized for seven minutes.

Mr. FESS. Mr. Chairman, the discussion on this amendment left me under the impression that many persons speaking thought this was a new plan. Whether it be wise or otherwise, we have practiced what is proposed by this amendment for years. I went to the Committee on Appropriations and got the record of our appropriations for next year, under the title of "Indefinite and permanent appropriations." For this next year they sum up \$1,434,370,682. That means that we are in this practice, and the question was not raised when we provided these permanent appropriations in the general legislation when the policy of the legislation was being discussed.

Mr. STEVENSON. Will the gentleman permit a question?

Mr. FESS. I regret I can not yield. I was on the Vocational Educational Commission that reported to the House that legislation. It was fathered in the Senate by Senator Smith, of Georgia, and in the House by Representative Hughes, of the same State, chairman of the committee. The law bears their names. That law provides for a permanent appropriation which when we reach the maximum will be \$7,000,000 annually. That was not new. Just preceding that legislation there was also legislation to increase the agricultural interests of the country by what we call agricultural-extension education.

Mr. GARRETT of Tennessee. Will the gentleman yield for a question?

Mr. FESS. I regret I can not yield.

Mr. GARRETT of Tennessee. That passed before the Budget was adopted.

Mr. FESS. That law passed before the Budget was adopted. The agricultural-extension legislation was fathered by Mr. Lever, of South Carolina, one of our most capable Members and one of the most respected on both sides of the House. That law provided a permanent appropriation, because it was a continuing contract, and under it we had appropriated a very large sum of money. There was no objection to it then when the policy was being discussed.

I have here 17 large pages of these appropriations that go into a great number of permanent and indefinite appropriations, and while there might be some question as to the wisdom as a general policy of making these permanent laws requiring permanent appropriations, I want to call attention to the fact that this is not new; it is a well-established practice, and it has always been put upon the basis that where you have a permanent or continuing contract that can not be completed next year or the next year or the next year, that there ought to be a permanent law providing the supply of the money for the payment of the contract. I would like to illustrate. In the Treasury Department, under the head of "Drawbacks," everyone knows it would be impractical not to make available the money to pay the drawback this year of the tariff legislation, and therefore necessitates the waiting for a definite appropriation. So authority is given to the Secretary of the Treasury to make a contract in order to make the law effective.

Mr. MOORE of Virginia. Will the gentleman yield for a question?

Mr. FESS. I regret I can not yield. Under the Treasury Department I find \$1,344,338,800 permanently appropriated and definitely to take care of such situations as these. I find in the vocational and educational bill the same practice. Then I find in reference to vocational rehabilitation of persons disabled in industry the same thing. I find also under the United States Veterans' Bureau the same thing.

I find also under the District of Columbia, for special funds and trust funds, the same thing; also under the War Department. The permanent indefinite appropriation, for example, under the District of Columbia is \$1,624,600, and under the War Department it amounts to \$7,786,300. Also under the Navy Department there is a very large sum.

Now, gentlemen of the committee, under the Lever agricultural extension law it amounts to a very large sum. Under what we call the land-grant college contribution it amounts to \$2,500,000.

I heard my friend from South Carolina speak just now concerning these laws. I do not know whether he said they ought to be repealed or not. I am sure he does not mean that these laws should be repealed. They are a permanent policy of our Government, under which we have developed our standing as a Nation, educationally, industrially, and otherwise, and certainly nobody desires to repeal those laws.

Then, under the Agricultural Department, construction of roads and trails in the national forests, and so forth, a million dollars; under the cooperative agricultural extension work, \$4,580,000. We have here a total indefinite amount under the Department of Labor, \$1,434,180.

Whatever objection may be made against this practice, which has continued for more than a half century, the objection now presented by the opponents of this bill is without any force.

The CHAIRMAN. The time of the gentleman from Ohio has expired. All time has expired. The question is on agreeing to the preferential amendment of the gentleman from Illinois [Mr. MADDEN].

Mr. HARDY of Texas. Mr. Chairman, may I have the amendment to the amendment of the gentleman from Illinois read?

The CHAIRMAN. The Clerk will read the amendment of the gentleman from Texas.

Mr. HARDY of Texas. I offer that to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY of Texas to the amendment offered by Mr. MADDEN: At the end of the Madden amendment add the following: "Provided, That any part of the fund not appropriated by Congress for the purposes of this act during any fiscal year shall be covered back into the Treasury and constitute a part of the general funds in the Treasury."

Mr. MADDEN. I hope that will not be adopted.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. HARDY of Texas. Mr. Chairman, a division. That will make the Madden amendment effective.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 76, noes 98.

Mr. GARRETT of Tennessee. Mr. Chairman, how was the vote?

The CHAIRMAN. Seventy-six ayes and ninety-eight noes.

Mr. GARRETT of Tennessee. I demand tellers.

The CHAIRMAN. The gentleman from Tennessee demands tellers.

Tellers were ordered, and the Chairman appointed Mr. CHINDBLOM and Mr. HARDY of Texas to act as tellers.

The committee again divided; and the tellers reported—ayes 101, noes 139.

So the amendment was rejected.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The amendment was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Tennessee [Mr. DAVIS] to strike out the section.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. DAVIS of Tennessee. A division. Mr. Chairman.

The CHAIRMAN. The gentleman from Tennessee demands a division.

The committee divided; and there were—ayes 81, noes 139.

Mr. GARRETT of Tennessee. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from Tennessee demands tellers.

Tellers were ordered, and the Chairman appointed Mr. CHINDBLOM and Mr. DAVIS of Tennessee to act as tellers.

The committee again divided; and the tellers reported—ayes 93, noes 132.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONTRACT FOR COMPENSATION.

SEC. 403. (a) In order to aid the development and maintenance of the American merchant marine, to promote the growth of the foreign commerce of the United States, to contribute to the national defense and to carry out the policy set forth in section 1 of the merchant marine act, 1920, the board is authorized and directed on behalf of the United States to enter into a contract with any person, a citizen of the United States who is the owner of a vessel, for the payment of compensation in respect to such vessel, subject to the limitations of this title. The board shall not be required to enter into such contract unless in the judgment of the board such person possesses such ability, experience, resources, and character as, in the opinion of the board, to justify a belief that the payment of the compensation will be reasonably calculated to carry out such policies and otherwise promote the general welfare of the United States. The board shall not refuse to enter into any such contract on the ground that such person is not so qualified unless such refusal is specifically authorized by an affirmative vote of not less than five members of the board, and unless the vote and a full statement of the reasons for the refusal are spread upon the minutes of the board.

(b) Such contract shall provide that it shall be made for a period not exceeding 10 years from the date thereof, and shall provide that the payments of the compensation shall be made at reasonable intervals not exceeding 6 months.

(c) The Secretary of the Treasury is authorized and directed to pay out of any moneys in the fund, compensation to the owner of any vessel with whom there has been made a contract under this section; but such payment shall be made only upon vouchers signed by the chairman of the board under authorization of the board. All moneys in the fund are hereby permanently appropriated for the purpose of making such payments and the refunds authorized by subdivision (j) of section 416.

Mr. BANKHEAD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 25, line 24, strike out "permanently" and insert in lieu thereof the words "authorized to be."

Mr. BANKHEAD. Mr. Chairman, we have already had before the committee a rather elaborate discussion of the principle involved in the proposed amendment. I do not know that there is very much that I can add by way of objection to the system here invoked of making appropriations so far as this merchant-marine fund is concerned. I know that a considerable number of gentlemen in high authority on the Republican side have been very diligent heretofore in preserving the control by Congress annually over the large appropriations that are made for public purposes.

Here is proposed a proposition to take a very tremendous sum of money, which in effect is being converted into the Treasury out of the pockets of the taxpayers of America, and instead of leaving the control and disposition of it in the hands of the Congress of the United States, it is proposed here, unless my amendment is agreed to, that this enormous sum, amounting annually to at least \$50,000,000 a year, and probably more—I say \$50,000,000, because it is estimated that the revenue receipts at the customhouse under the present bill will amount at least to \$450,000,000 a year, and 10 per cent of that will be converted into this merchant-marine fund—I say it is proposed here under the provisions of the bill that a contract shall be entered into by the Shipping Board for the minimum period of 10 years with these private ship operators, and it certainly will not be within the power of Congress after those contracts are entered into for a period of 10 years at least to change them, so far as the compensation feature is concerned.

It seems to me that in making our appropriations under the Budget system we should avoid such appropriations. I want to say that I was on the special committee on the Budget and favored that measure in principle, and I hope to see it carried out in practice. We were proposing to embark on a new system by which the Congress of the United States should in the last analysis have absolute control over the disposition of the revenues of the Government. It seems to me that we are here invoking a dangerous principle. It seems to me that this amendment which I have offered, in view of the amendment adopted as proposed by the gentleman from Illinois [Mr. MADDEN] is not inconsistent with the attitude expressed by a majority of the committee on that proposition.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman for a question.

Mr. GRAHAM of Illinois. Here is a question in my mind which is entirely a legal one. This appropriation clause seems to be inconsistent with and contradictory to the Madden amendment. Now, if it is not changed, what is the gentleman's idea about the legal construction that will be given to this? Will the last provision control?

Mr. BANKHEAD. Undoubtedly. That is the ordinary and usual rule of construction by the courts, and I think that any lawyer who is familiar with judicial interpretation will agree with that proposition. So that as the matter is now presented on the record, and as it will be written into the law unless my amendment is adopted, you have here before you two absolutely inconsistent and repugnant provisions with reference to these appropriations.

I think that is about all I desire to say on this proposition, Mr. Chairman. I think the amendment is reasonable and in line with the expressed attitude of a majority of this committee on both sides of the House. I trust it will be adopted.

Mr. MOORE of Virginia. May I suggest to the gentleman, in answer to the question of the gentleman from Illinois [Mr. GRAHAM], that the view which the gentleman from Alabama expresses will, I think, be taken by the courts not only for the reason given by the gentleman from Alabama, but any court would also have its attention drawn to the fact that the proviso offered by the gentleman from Texas [Mr. HARDY] had been voted down.

Mr. BANKHEAD. Absolutely.

Mr. EDMONDS. Mr. Chairman, it seems to me ridiculous to hear the Members on the other side of the House talking about

this "enormous amount of money" that they say is going to be taken out of the Treasury and hidden away in some little place, to be used only when called upon by the Shipping Board. They know as well as any Member of the House knows that this is simply a revolving fund, a bookkeeping fund that is not taken out. The money is not laid aside in the Treasury. It is used for other purposes, and other money is used whenever it is called for.

Mr. BANKHEAD. Let me ask the gentleman—

Mr. EDMONDS. I have no time to yield now. I am perfectly willing to accept the amendment of the gentleman from Alabama. There is no reason why we should not agree to it after we have passed the Madden amendment. As far as I am concerned I think it was a mistake to pass that amendment. I do not know how you can expect men to come in and buy a piece of property costing \$600,000 or \$1,000,000 or \$2,000,000 with no guaranty back of it at all from year to year as to what they are to get, excepting the word of some Congress to be elected in the future. However, the House has decided that question and we might as well accept the amendment of the gentleman and let it go through, but I do deery the practice of gentlemen who come on this floor and talk about this enormous fund that is going to be hidden away somewhere in the Treasury Department that nobody can find because it is set aside. It is merely a bookkeeping account and the gentleman knows it. All gentlemen know that.

I move that all debate on this section and all amendments thereto do now close.

Mr. DAVIS of Tennessee. Mr. Chairman—

The CHAIRMAN (Mr. Hicks). The gentleman from Pennsylvania [Mr. EDMONDS] moves that all debate on this section and amendments thereto do now close. Those in favor will say "aye," those opposed "no." [The question was taken.] The ayes appear to have it, the ayes have it, and the motion is agreed to.

Mr. DAVIS of Tennessee. Division, Mr. Chairman.

Mr. SEARS. Mr. Chairman, a parliamentary inquiry. The gentleman from Pennsylvania spoke for the amendment. There has been no chance to speak against it. Therefore debate is not closed, and the motion is not in order.

Mr. SANDERS of Indiana. The motion to close debate is in order at any time after five minutes.

Mr. SEARS. There must be one speech for and one speech against.

The CHAIRMAN. The Chair overrules that. For what purpose does the gentleman from Tennessee rise?

Mr. DAVIS of Tennessee. I want to say that this is a very important section, and several amendments will be offered to it. It was announced on the other side that the—

The CHAIRMAN. The Chair can not recognize the gentleman after debate has been closed.

Mr. DAVIS of Tennessee. I asked for a division.

The CHAIRMAN. Debate is closed. The question is on the amendment offered by the gentleman from Alabama.

The question being taken, the amendment of Mr. BANKHEAD was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. DAVIS of Tennessee. Mr. Chairman, I have an amendment that I desire to offer.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

Mr. SEARS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Will the gentleman from Florida wait until we dispose of this amendment?

Mr. SEARS. The gentleman from Tennessee [Mr. DAVIS] asked for a division on the motion to close debate, and the Chair did not put his demand but put the question on the Bankhead amendment instead.

The CHAIRMAN. Then the Chair was in error, because after the Chair had declared the motion carried the gentleman from Tennessee started to debate the amendment.

Mr. SEARS. I know that in railroading this bill through the Chair is liable to be in error, but it is, I am sure, an error of the head instead of an error of the heart; but I make that point.

The CHAIRMAN. The Chair overrules the point of order. The gentleman from Tennessee [Mr. DAVIS] started to debate the question after debate had been closed. The Clerk will report the amendment offered by the gentleman from Tennessee [Mr. DAVIS].

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 25, line 23, after the word "Board," insert a colon and the words "Provided, That appropriations for such purpose shall have been made by the Congress."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. DAVIS].

The question being taken, on a division (demanded by Mr. DAVIS of Tennessee) there were—ayes 38, noes 92.

Mr. DAVIS of Tennessee. Mr. Chairman, I ask for tellers. The CHAIRMAN. The gentleman from Tennessee demands tellers.

Tellers were ordered, and the Chairman appointed Mr. DAVIS of Tennessee and Mr. EDMONDS.

The committee again divided; and the tellers reported—ayes 34, noes 105.

Accordingly the amendment was rejected.

Mr. HARDY of Texas. Mr. Chairman, I wish to offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

Mr. HARDY of Texas. I ask unanimous consent to address the House for five minutes on this amendment, which I ask to have read.

The CHAIRMAN. The gentleman from Texas [Mr. HARDY] asks unanimous consent to be allowed to address the House on this amendment. Is there objection?

Mr. MONDELL. I object.

Mr. SEARS. I make the point of no quorum.

The CHAIRMAN. The Chair will state that the vote by tellers a moment ago disclosed a number present considerably over a quorum.

Mr. SEARS. I will state to the Chairman that a good many of the Members have gone into the cloakroom.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-nine Members present, a quorum. The Clerk will report the amendment offered by the gentleman from Texas [Mr. HARDY].

The Clerk read as follows:

Amendment offered by Mr. HARDY of Texas: Page 25, lines 1 to 13, after the word "title," strike out: "The board shall not be required to enter into such contract unless in the judgment of the board such person possesses such ability, experience, resources, and character as, in the opinion of the board, to justify a belief that the payment of the compensation will be reasonably calculated to carry out such policies and otherwise promote the general welfare of the United States. The board shall not refuse to enter into any such contract on the ground that such person is not so qualified unless such refusal is specifically authorized by an affirmative vote of not less than five members of the board, and unless the vote and a full statement of the reasons for the refusal are spread upon the minutes of the board."

Mr. HARDY of Texas. Mr. Chairman, I ask unanimous consent to extend my remarks on this amendment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks on this amendment. Is there objection?

There was no objection.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. HARDY of Texas) there were 21 ayes and 91 noes.

So the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 25, after the word "Board" in line 13, strike out the period, supply a colon, and insert the following:

"Provided, That nothing herein shall be held to deny the right of review in any court of competent jurisdiction of the action of the board in granting or refusing compensation; but any such review must be sought within 90 days from the time when the board shall have finally entered an order granting or refusing compensation or entered into a contract and given public notice through the press or otherwise of such action."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 25, line 15, strike out the word "ten" and insert the word "two."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 25, line 15 after the word "not" strike out the words "exceeding 10 years from the date thereof" and insert "extending beyond 10 years from the date of the enactment of this measure."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The question was taken, and the amendment was rejected. The Clerk read as follows:

AMOUNT OF COMPENSATION.

SEC. 404. Compensation shall be computed as follows: For each gross ton of the vessel for each 100 nautical miles covered by the vessel, there shall be paid—

- (a) Regardless of the speed of which the vessel is capable, one-half of 1 cent; and
- (b) In the case of a power-driven vessel capable of making (when self-propelled solely by machinery) a speed of 12 knots or over when on such draft as the owner may select, and in addition to any amount payable to such vessel under subdivision (a)—
 - (1) One-tenth of 1 cent if such speed is 12 knots or over but less than 13 knots;
 - (2) Two-tenths of 1 cent if such speed is 13 knots or over but less than 14 knots;
 - (3) Three-tenths of 1 cent if such speed is 14 knots or over but less than 15 knots;
 - (4) Four-tenths of 1 cent if such speed is 15 knots or over but less than 16 knots;
 - (5) Five-tenths of 1 cent if such speed is 16 knots or over but less than 17 knots;
 - (6) Seven-tenths of 1 cent if such speed is 17 knots or over but less than 18 knots;
 - (7) Nine-tenths of 1 cent if such speed is 18 knots or over but less than 19 knots;
 - (8) One and one-tenth cents if such speed is 19 knots or over but less than 20 knots;
 - (9) One and three-tenths cents if such speed is 20 knots or over but less than 21 knots;
 - (10) One and five-tenths cents if such speed is 21 knots or over but less than 22 knots;
 - (11) One and eight-tenths cents if such speed is 22 knots or over but less than 23 knots; and
 - (12) Two and one-tenth cents if such speed is 23 knots or over.

Mr. DICKINSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 27, following line 12, insert a new paragraph, as follows: "SEC. 404½. The Secretary of the Treasury is further authorized and directed to pay, out of any money in the merchant-marine fund, to the consignee of any export tonnage shipped to any port for transportation on any vessel receiving compensation under this act, whether such shipment is made by rail or otherwise to such port of export, a compensation equal to 25 per cent of the freight or transportation charges from the point of origin to such port of export; and for such purposes the board is hereby authorized to gather and collect the necessary data covering said shipments from said point of origin to such port of export, determine the expense of such transportation, and properly certify the same to the said Secretary of the Treasury for payment as herein provided."

Mr. EDMONDS. Mr. Chairman, I make a point of order on the amendment.

The CHAIRMAN. What is the gentleman's point of order?

Mr. EDMONDS. On the ground that as near as I could make out from the reading it proposes to establish freight rates or rebates in freight rates, which is outside of the province of this bill and belongs to the Interstate Commerce Commission.

Mr. DICKINSON. Mr. Chairman, I call the Chair's attention to the fact that this is an act to amend and supplement the merchant marine act of 1920. The merchant marine act provides for the promotion and maintenance of an American merchant marine. One of the essentials in order to provide for an American merchant marine is that cargoes shall be provided in some way. That is as much the province of the committee to extend the merchant marine act to a principle of this kind as it is to the principle of ocean traffic. The only difference is that one goes to the shipowner and the other to the man furnishing the cargo. We are here proposing that a differential shall not be paid unless it is to a vessel which has compensation under this act. We are providing a specific method by which this shipment shall be made. We are providing a means by which the cargo shall be furnished to these vessels in order that the merchant marine shall be successfully promoted as provided in this act. For that reason it is clearly within the purpose of this act and clearly within the purpose of this committee to extend the differential not only to the owners of vessels but also to the shippers that furnish the cargo.

I call the Chair's attention to the fact that 53 per cent of the exports of this country are agricultural, that 96 per cent of that 53 per cent is produced in the Middle West. I call attention to the fact that 47 per cent of the exports are industrial, and that 40 per cent of that 47 per cent is produced west of Pittsburgh, and this is to supplement the merchant marine act by which the funds that go to enhance the shipping facilities are extended not only to the owners of the ships but to the producers that furnish the cargo; not to the aid simply of a few men in Boston, New York, and New Orleans, but to embrace the country generally. This provision would take the merchant marine act to the producer and manufacturer of products and the agricultural products of Ohio and Iowa and the Middle West.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. Certainly.

Mr. BEGG. Supposing the gentleman's amendment is adopted, would not that serve to just increase the freight rates to take care of this?

Mr. DICKINSON. It would not.

Mr. BEGG. Or if it is not adopted, will not the freight rates be just that much cheaper, so what will be accomplished?

Mr. DICKINSON. That would not be the effect at all, for the reason that this provides that out of the merchant-marine fund the shipper or the consignor shall be paid this compensation, and that will put the cargo on these ships, which is just what we want to accomplish.

Mr. BEGG. That merchant-marine fund has to come out of the earnings of the merchant marine.

Mr. DICKINSON. Oh, no; it comes out of the 10 per cent of the customs duty.

Mr. BEGG. It comes out of the transfer of commerce over the ocean.

Mr. DICKINSON. It does not come out of anything except the general customs duty.

Mr. BEGG. It seems to me that all you will do will be to increase your freight rates, and that is a matter to be taken care of by the Interstate Commerce Commission.

Mr. DICKINSON. I think the gentleman's conclusion is erroneous. Suppose this committee should propose that any shipowner who would build a ship which was called "Lasker" or "Edmonds" might be given a present of \$100,000 every Christmas; that would be promoting the merchant marine, which is one of the provisions that would help to put the ships under the American flag.

Mr. CHINDBLOM. Would not the gentleman just as soon call the ship "Chindblom" or "Dickinson"?

Mr. DICKINSON. I would be willing to have it called "Chindblom," but not "Dickinson" with a ship subsidy.

Mr. EDMONDS. Did I understand the gentleman to say that he was going to make me a Christmas present of \$100,000, or is he talking about some ship?

Mr. DICKINSON. I say that that is within the jurisdiction of this committee, because it promotes the merchant marine. For that reason I say that we should have the privilege of not only supplementing our shipping by having the ships on the seas but also by having the cargoes furnished, and this amendment will do it. Mr. Chairman, I want now to call the attention of the Chair to some precedents. I refer first to Hinds' Precedents, volume 5, page 5803:

5803. Whether or not an amendment be germane should be judged from the provisions of its text rather than from the purposes which circumstances may suggest. On January 15, 1901, the river and harbor bill (H. R. 13189) was under consideration in Committee of the Whole House on the state of the Union.

Mr. FRANK W. MONDELL, of Wyoming, proposed an amendment appropriating a sum of money for the construction of three reservoirs at the headwaters of the Missouri River for the purpose of holding back the flood waters of said stream with a view of minimizing the formation of bars and shoals and other flood-formed obstructions to navigation, and to aid in the maintenance of an increased depth and uniform flow of water for navigation during the dry season.

Mr. THEODORE E. BURTON, of Ohio, made the point of order that the amendment was not germane to the bill, since the means proposed could not affect navigation, but rather related to the improvement of arid lands.

After debate, the Chairman said:

"The Chair holds that as the amendment is framed it is germane to the subject matter of the bill and the subject matter over which the River and Harbor Committee has jurisdiction. Now, whether that correctly presents the facts of the case is to be determined on the merits. But as the amendment is presented and read by the Clerk it appears to the Chair that it is entirely proper and germane to the bill, and therefore the Chair will overrule the point of order."

I next call the attention of the Chair in the same volume to section 5909, which is as follows:

To a bill providing for an interoceanic canal, specifying a certain route, an amendment providing for another route was held to be germane. On January 9, 1902, the Committee of the Whole House on the state of the Union was considering the bill (H. R. 3110) to provide for the construction of a canal connecting the waters of the Atlantic and Pacific Oceans when Mr. RICHARD W. PARKER, of New Jersey, proposed an amendment providing for a canal across the Isthmus of Panama.

Mr. OSCAR W. UNDERWOOD, of Alabama, made the point of order that the amendment was not germane, because, while the bill provided for a canal at Nicaragua only, the amendment provided also for a canal at another place. After debate the Chairman said:

"The subject matter of this bill—the enterprise upon which the House has entered—is, in the language of the bill—

"To construct a canal to connect the waters of the Atlantic and Pacific Oceans."

"The Chair is of the opinion that is the purpose of the legislation sought; that the question of location is wholly a subordinate one; and that it is perfectly competent for Congress to reject one location and to adopt another. For instance, suppose it was a question of the building of a house for the purpose of storing the records of the Government, and a bill was introduced to locate it on a certain square in this city. Can anybody doubt that the proposition might be amended so as to locate it upon another square?"

Mr. Chairman, it ought to be permissible under these precedents for Congress to expand the provisions by which the merchant marine can be established and extend them where cargoes may be furnished for shipment on these ships. That is all we are attempting to do. I contend that this is only furthering the purpose of the merchant marine act, and for that reason this amendment will go further and assure cargoes to be shipped on these ships than any other provision that has been heretofore made. You have gone into the question of financing here, and you have gone into the matter of interest rates and tax exemptions. You have gone into every phase of this question with the exception of cargoes for these vessels. I contend that for the promotion of the merchant marine it is entirely within the jurisdiction of this committee, and for that reason my amendment is germane.

Mr. EDMONDS. Mr. Chairman, the gentleman from Iowa makes a very good argument in favor of his amendment, but if you will look at the title of this section of the bill it will be seen that it has no reference at all to railroad rebates or freight rates. It has nothing to do with anything that the Interstate Commerce Commission has jurisdiction of. It strikes me it is not germane to the section, that it provides for rebates in freight rates, which is a practice that has been prohibited by the laws of Congress. Therefore, it is not even a subject for legislation by this Congress unless we wish to upset those laws.

The CHAIRMAN (Mr. Hicks). The Chair will rule on this point. While the argument presented by the gentleman from Iowa has a good deal of substance, the Chair feels that the gentleman is in error in his conclusion. The Chair invites his attention to section 5842, volume 5, of Hinds' Precedents, where it is held that to a bill relating to corporations engaged in interstate commerce an amendment relating to all corporations is not germane.

The Chair thinks this is not an amendment germane to this bill. It is an amendment relative to rebates to shippers, whereas the bill relates to aid to shipowners, and therefore the Chair holds that the point of order is well made. The Clerk will read.

Mr. RAKER. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The gentleman is recognized.

Mr. RAKER. Mr. Chairman, this section relates to speed of vessels and what can be done. I have asked several members of the Committee on Merchant Marine and Fisheries whether or not any investigation was made as to the loss of time that was occasioned in the examination of hulls, boilers, and machinery of our American vessels. I am advised that none was had. I am advised that England and most of the other nations examine their vessels and there is no loss of time, but that in the American merchant marine which we have there is a loss of a month or 30 days or more every year. In other words, ships were tied up for one-twelfth of the time that they should be occupied in doing their work. One-twelfth of their earning power is lost by want of proper inspection. Second, I also inquired whether or not in these hearings, two large voluminous volumes, there was an investigation of the admeasurement of American ships as compared to the English ships. I am advised that no investigation was made.

Mr. EDMONDS. Does the gentleman mean—

Mr. RAKER. I am advised that in the admeasurement here as compared with the English ships there is from 15 to 30 per cent more on the American ships than on the English.

Mr. EDMONDS. Will the gentleman yield?

Mr. RAKER. In just a moment. So that every port where a vessel enters they have to pay that additional amount over that which the English ships have to pay.

Mr. EDMONDS. Does the gentleman want me to correct him?

Mr. RAKER. Therefore if that was provided for under the law to-day there would be no necessity whatever for this subsidy to be given to a few favored interests.

Mr. EDMONDS. What the gentleman states is not correct, for the simple reason we made an investigation of this a short time ago in connection with vessels, and we found this: That each vessel was furnished with two admeasurements; one, the foreign, and when in foreign ports she was allowed—

Mr. RAKER. But I am advised by Members on this side of the House that there has been no investigation, and why not?

Mr. EDMONDS. We had Mr. Chamberlain, the head of the department of navigation, before the committee, and the matter was investigated.

Mr. DAVIS of Tennessee. Does the gentleman say on this bill?

Mr. RAKER. That is what I say, on this bill, and my point was that if two matters, namely, if the examination of the boilers of our merchant marine was had, as they should be, and there were not 30 to 40 days lost every year, at least one-twelfth of their earning power, and we had the same kind of admeasurement as foreign vessels, that would supply a sufficient amount to the merchant marine so that this subsidy would be unnecessary. Now, I ask unanimous consent that I may, in addition to my remarks, extend in the Record an editorial of the Washington Daily News of yesterday on this subject.

The CHAIRMAN. The gentleman from California asks unanimous consent that he may extend his remarks in the Record by inserting printed matter, as indicated.

Mr. MONDELL. How much printed matter?

Mr. RAKER. About 12 inches long.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none. The time of the gentleman has expired.

The editorial is as follows:

TWO REAL HANDICAPS.

The plea for ship subsidy is almost wholly based on the claim that wages and conditions imposed by the seamen's law handicap the American shipowners as against foreign owners.

This newspaper will discuss that phase at a later time; but in the meantime two real handicaps may be pointed out. Here goes: Every nation requires that a ship's hull and its boilers and engines be inspected once a year. It is the practice of foreign nations to provide for this inspection in a way that will not hold ships idle and so cause loss of earning time.

A British ship coming into a British port can notify the inspector of boilers and the inspector of hulls by wireless. They will have men ready as soon as the ship comes in and they will inspect just as much as they can while the ship is discharging cargo and taking on new cargo. But the moment the ship is ready to sail it is given a certificate for such part of the inspection as has been completed and is allowed to proceed. This is repeated in various ports and is acceptable if the entire inspection is completed in the course of the year.

The American system of inspection requires the inspection take place all at once, which means the drawing of the fires under all the boilers. The boiler inspector does his work when and as he pleases, and the hull inspector may or may not be working at the same time. The effect in practice is that the foreign ships do not lose an hour of possible working time for the purpose of inspection, while American ships lose about a month a year out of their earning time. It is this loss of time imposed by arbitrary, bureaucratic rules under executive sanction that handicaps American shipowners to the extent of nearly 10 per cent of their earning possibility.

Again, all the other ships in the world have a formula for measurement of tonnage which is different from the American measurement. Every time a ship goes into port it must pay fees and dues of many sorts based on tonnage; every time a ship goes through the Panama or Suez Canal it must pay tolls based on tonnage.

The American method of measurement rates an American ship which may be exactly like a foreign ship at from 20 per cent to 30 per cent greater dead-weight tonnage than a foreign ship is rated. That means that it must pay in all sorts of dockage, towage, clearance, and other fees, as well as all canal tolls, from 20 to 30 per cent more than the foreign competing ship has to pay.

The excess tolls and charges are paid to foreign governments and foreign officials and are in the nature of a penalty imposed by this Government unnecessarily and without reason upon ships owned by Americans.

Here are two handicaps which, if the friends of subsidy are correct in their statement of its amount, would alone if removed make subsidy unnecessary.

And the beauty of it is that the benefits would go at no expense to all American shipowners, instead of the favored few who would get subsidy.

Even coming from the President, advice to Congressmen to ignore their constituents and vote for the subsidy won't get very far. POINDEXTER, KELLOGG, TOWNSEND, and company took that advice from the same source on Newberryism, and look what happened to them!

Mr. MONDELL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in one minute.

The motion was agreed to.

Mr. GRAHAM of Illinois. Mr. Chairman, I desire to submit some observations on this particular section, but I do not care to take the time of the committee to do it, and therefore I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. GRAHAM of Illinois. The section now under consideration is the section fixing a cash subsidy to be paid to shipowners operating their ships under the American flag. The committee have computed what they think is a fair and reasonable amount according to tonnage and speed. Whether it is or not, I do not know. If this subsidy is sufficient to pay the difference in cost of operation of ships under the American flag and under a foreign flag, and no more, then it is in the right amount, for that ought to constitute the true basis upon which the allowance of such a subsidy is justified. To build up a merchant marine is a matter of great national moment. But to do so it is not desirable, nor is it necessary, to give to the operators of such ships special privileges which permit them to operate at a profit, without initiative and enterprise on their part, and without any compulsion of competitive trade.

And here I desire to make a few observations about this whole subject matter. The Republican Party, now in control

of the affairs of the Nation, is trying to formulate some policy and some plan upon which we may at once conserve the value of our great fleet of merchant ships and at the same time build up and establish a merchant marine.

What produced this necessity? During the war the Wilson administration started to build 18,300,448 dead-weight tons of ships. When the armistice came only about 450 of these ships were completed; 2,288 ships altogether have been built, and hence 1,838 have been delivered since the armistice. The Democratic Party was the majority party in both House and Senate at that time, and it was their problem whether we should go on building ships after the war was over or should cancel our contracts and stop building.

Notice what happened. On February 24, 1919, the gentleman from Kentucky, Mr. Swager Sherley, chairman of the House Committee on Appropriations, brought upon the floor of the House for discussion an emergency appropriation bill. It carried, among other items, appropriations of approximately \$600,000,000 for the continuation of the work of building merchant ships and completing this enormous program of shipbuilding. A Democratic committee prepared that bill; a Democratic Congress passed it; a Democratic President signed it. When Members upon the floor interrogated Mr. Sherley and asked him why the contracts were not canceled and work stopped, he stated on numerous occasions that those in charge of the Shipping Board—appointees of President Wilson—had insisted upon a completion of the ships and that his committee recommended this course. As to the future, he said:

That is what I am going to try to come to. I did not want, gentlemen, to go into the question of a shipping policy for this Government except to say this: That I think it is of the very highest importance that a policy should be determined, and determined at a very early date, and that almost any policy would be better than a complete absence of one that exists now and the drifting that has taken place in connection with the whole question of our merchant marine and what we propose to do with it. I know nothing that is more important than that there should be presented to the Congress a real program, one that the Congress in its wisdom may modify or accept as the facts may warrant, but to drift along, having what will amount in a last analysis to nearly \$4,000,000,000 investment in ships and in plants, without any knowledge of what we are going to do with it, seems to me the height of national folly.

As to the matter of policy, I simply presented this situation to the House and to the country, that we have invested practically in moneys spent, and moneys contracted to be spent, something like \$4,000,000,000. Now, that was made necessary because of the war, and we went ahead.

There was no division and there was no question. There was not 3 per cent of the people in America that questioned the wisdom of building ships at the time these commitments were made in the spring and early summer of last year. But, having done that, I think it is up to the Shipping Board, I think it is up to this administration, I think it is up to the Congress to work out a plan. I do not care whether it is a Republican or Democratic plan if it is the right plan.

Not only did he express these ideas, but the gentleman from Virginia, Mr. Saunders, then one of the leaders upon the Democratic side, a very able man, since elevated to the bench of his State, said:

Here is the situation that confronts us to-day. We have been building ships at a great rate as a part of our war operations. If we take those ships that the Government has contracted for on Government account and turn them over to the American capitalist at a cost which will match the cost of the ships of his foreign competitor, then the American can enter, so far as the race is concerned, up to that point on equal terms, but that means, of course, that the Government will bear all loss connected with the transaction of sale. The moment that the Government of the United States is willing to take that action, that very moment we can put American capital into business on the high seas under favorable conditions, so far as his foreign competitor is concerned. But even after you have gone that far, if the cost of operating the ships on the high seas is greater than the cost to the foreigner, you must go one step further. It will be necessary to guarantee out of the Federal Treasury to any capitalist who proposes to go into the shipping enterprise the difference between the cost of maintenance of his operations and the cost of the foreigner's maintenance. * * *

The whole problem is one not of legislation, but of appropriations. The moment that the Government is willing to launch merchant-marine operations on the high seas on the basis that I have suggested, then at that very moment, so far as private capital is concerned, it can enter into competition with the foreigner on a fair and equitable basis, but not sooner.

Thus it will be seen it was Democratic policy to build this fleet and then work out a policy. But over two years went by, from February, 1919, to March 4, 1921, during all of which time President Wilson was in office and the Shipping Board presumably subject to his control, and no constructive policy was offered to the country.

It is interesting also to note what the Democratic administration did in their shipbuilding program after the armistice. The shipbuilding continued throughout 1919 and most of 1920. In 1919, 1,180 ships were delivered to the Government, 408 of which were wooden and known to be absolutely worthless; while in 1920, 473 were delivered, 61 of which were wooden.

The child is not ours; it was laid on our doorstep by the last administration. When we take it up and try to instill the breath of life into it, those who are responsible for its existence criticize us for not letting it die.

We must have some constructive policy. I do not know that we have in this bill the best one. But this I do know, no one on the other side of the Chamber has any right to raise his voice in criticism.

The Clerk read as follows:

SEC. 405. For the purpose of computing compensation under this title—

(a) A vessel shall be held to be power-driven if it is equipped so as to be self-propelled through the use of machinery, and if the rated horsepower of the propulsive machinery exceeds one-third the gross tonnage of the vessel;

(b) A vessel shall be held to be a sailing vessel if it is equipped so as to be self-propelled through the use of sails, and is not equipped so as to be self-propelled through the use of machinery;

(c) The gross tonnage of a vessel shall be as determined under the laws of the United States and stated upon the vessel's certificate of admeasurement;

(d) The speed which a vessel is capable of making on such draft as the owner may select, shall be ascertained by the board at such reasonable intervals and by such methods as the board may by regulation prescribe;

(e) The mileage covered by the vessel shall be determined solely by the distances of the direct, customary route, for vessels of the same type and kind upon similar voyages, between the ports touched by the vessel, based upon tables of such distances approved by the board; except that if such distances do not, in the opinion of the board, fairly represent the distances which, under efficient operation, are required actually to be traversed by the vessel upon its voyage, the board may increase the mileage to such an extent as it deems fair and reasonable; but in no case shall the mileage as so increased be in excess of the mileage actually traversed by the vessel;

(e) In computing mileage a fractional part of 100 miles shall be disregarded unless in excess of 50 miles, in which case it shall be counted as 100 miles;

(f) Any power-driven vessel of 5,000 gross tons or less but of 1,500 gross tons or over, shall be considered as if it were a vessel of 5,000 gross tons.

Mr. RAKER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RAKER. The motion to strike out section 404 has not yet been put, has it?

The CHAIRMAN. Was not that a pro forma amendment?

Mr. RAKER. No; that is a real amendment.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from California, to strike out the section.

The question was taken, and the motion was rejected.

Mr. HARDY of Texas. Mr. Chairman, I move to strike out subsection (f) on page 28, beginning with line 20 and ending with line 22. It is a proposition by which a 1,500-ton vessel shall be paid a subsidy on the basis of a 5,000-ton vessel.

The CHAIRMAN. Will the gentleman wait until the amendment is properly before the committee? The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY of Texas: Page 28, beginning on line 20 and concluding with line 22, strike out subsection (f).

Mr. HARDY of Texas. Will the Clerk read subsection (f)?

The CHAIRMAN. The Clerk will read the subsection.

The Clerk read as follows:

(f) Any power-driven vessel of 5,000 gross tons or less but of 1,500 gross tons or over shall be considered as if it were a vessel of 5,000 gross tons.

Mr. HARDY of Texas. Mr. Chairman and gentlemen, I do not think there is any great amount of importance attached to this amendment, but this is a provision by which every little vessel on the Atlantic or Gulf coast or Pacific coast of 1,500 tons shall be rated as of 5,000 tons, by which the actual subsidy of 1½ cents per ton per hundred miles shall be paid instead of one-half cent per hundred miles. It seems to me that if we mean 1½ cents, we ought to say so. I move to strike out the subsection.

Mr. KIRKPATRICK. Mr. Chairman, the purpose of this subsection (f) is to give a subsidy to all such boats running from 1,500 to 5,000 tons. The cost of operating those small steamboats or steamships does not vary to any appreciable extent with the size of the ship, and it is a very important matter, because we have a lot of these small boats plying particularly in the West Indian trade, and when we come to compensate them we will find that the pay rolls of those boats is about the same, regardless of their size. The largest single item in the cost of operation is the compensation of the officers.

That is the purpose of this section. I think it ought to remain in the bill.

Mr. Chairman, I move that all debate on this section and amendments thereto be now closed.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this section and amendments thereto be now closed. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The question is on the motion offered by the gentleman from Texas.

The question was taken, and the motion was rejected.

The CHAIRMAN. Before the Clerk proceeds the Chair wants to call the attention of the chairman of the committee to what

is evidently an error in the lettering on page 28. Line 5 in that section is lettered "(e)," and then on line 17 of the same page there is another "(e)" in that subdivision.

Mr. EDMONDS. Mr. Chairman, I move that the Clerk be authorized to make the change.

The CHAIRMAN. The Chair also wants to call the attention of the gentleman to the misspelling of the word "or" at the end of line 20 on the same page. The gentleman from Pennsylvania [Mr. EDMONDS] asks unanimous consent that the Clerk be permitted to correct the misprint in the text and also the lettering. Is there objection? Without objection, that will be done.

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

WHEN VESSELS NOT ENTITLED TO COMPENSATION.

SEC. 406. (a) Compensation shall not be paid in respect to any sailing vessel whose tonnage is less than 1,000 gross tons, and shall not be paid in respect to any other kind of vessel whose tonnage is less than 1,500 gross tons.

(b) Compensation shall be paid in respect to any vessel only for mileage covered while the vessel—

(1) Is a privately owned merchant vessel; and
(2) Is registered or enrolled and licensed under the laws of the United States; and

(3) Is self-propelled by sails or machinery, except when in distress or being aided by means of tugs or other assistance on entering or leaving port or in navigating any inland or restricted waterway; and

(4) Is classed by the American Bureau of Shipping in the highest classification open to vessels in its type and kind according to the rules of the bureau; and

(5) Carries a crew (exclusive of licensed officers required by law) at least two-thirds of which are citizens of the United States, and the remainder of which are individuals eligible to United States citizenship. During the first year after the enactment of this act the required number of citizens of the United States shall be one-half instead of two-thirds, and during the second year six-tenths instead of two-thirds. In the case of passenger vessels the provisions of this paragraph shall apply only to the deck and engine departments. If the vessel is deprived of the services of any member of the crew by desertion, casualty, or other cause beyond the control of the master in any port outside the United States or on the high seas, the right of the vessel's owner to compensation during the period prior to the next arrival of the vessel at a port in the United States shall not be impaired by failure to comply with the provisions of this paragraph, provided the owner and the master of the vessel exercise reasonable diligence to procure the necessary individuals to comply with such provisions. If the vessel is outside the United States at the time of the enactment of this act, or on the first day of the second or third year after the enactment of this act, the owner shall not be required to comply with the provisions of this paragraph applicable to such year until her first arrival at a port in the United States if he complies with the provisions of this paragraph applicable to the previous year.

(c) Compensation shall not be paid in respect to any vessel unless the vessel—

(1) Is registered, enrolled, or licensed under the laws of the United States on the sixtieth day after the enactment of this act; or

(2) Is built in the United States, its Territories or possessions, or the Canal Zone after the enactment of this act; or

(3) Is at the time of the enactment of this act undocumented and owned by a person, a citizen of the United States, and is not thereafter documented under the laws of any foreign country; or

(4) Is owned by the United States at the time of the enactment of this act and is not thereafter documented under the laws of any foreign country; or

(5) Was built in a foreign country before the enactment of this act and is within three years after the enactment of this act registered under the laws of the United States, except that compensation shall be paid in respect to any such foreign-built vessel only if such vessel is, upon the affirmative vote of at least five of the members of the board, specifically authorized to receive compensation and specifically certified to be essential to the proper development of the merchant marine of the United States by reason of the particular type or kind of vessel, and if such vote and a full statement of the reasons for such authorization and certification are spread upon the minutes of the board.

Mr. EDMONDS. Mr. Chairman, I have an amendment that I want to offer.

The CHAIRMAN (Mr. TILSON). The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: Page 31, line 18, insert a new paragraph (6) as follows:

"(6) From the total amount of compensation earned in respect to any voyage there shall be deducted an amount which bears the same ratio thereto as the revenue attributable to the carriage of cargo owned by the owner of the vessel or any person affiliated with him within the meaning of subdivision (c) of section 409 bears to the total revenue attributable to the carriage of passengers, cargo, and mails. For the purpose of this subdivision the amount of revenue attributable to the carriage of cargo owned by the owner of the vessel or any person so affiliated with him shall be considered to be such amount as is determined by the board as representing the fair value of the services performed by the vessel in transporting such cargo."

Mr. EDMONDS. Gentlemen, this is the Standard Oil amendment that I promised you the other day that I would offer. I am not going to vote for it. I notify you now.

But I want to say this: Unfortunately, while endeavoring to hit at the Standard Oil, which seems to be a kind of a bugaboo to some of the gentlemen of the House, we also hurt

some very good small concerns in this country. The amount of tonnage involved will probably be 2,000,000 tons. The amount of subsidy will probably be three or four million dollars.

These oil ships belong to a number of concerns. Out of the 2,000,000 tons the Standard Oil owns about 600,000 tons. We find here that in trying to get hold of the United Fruit Co. we hit the Atlantic Fruit Co., a young, growing concern with four boats of 4,000 tons. In trying to get hold of the Union Oil we hit the Bermudez Transport Co., another concern that runs to Venezuela. We find that in trying to get hold of the Standard Oil, the Sun Oil, and some other large concerns we hit the Texas Oil, the Sinclair Oil, and the Gulf Refining Co. In trying to get at the United Fruit Co. we also hit the Atlantic, Gulf, and West Indies ships, the Union Oil, the Freeport Sulphur, the Union Sulphur Co., the Bermudez Transport Co., the Atlantic Fruit Co., the General Petroleum Co., and others.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. GARRETT of Tennessee. The lines which the gentleman mentions are operating now, are they not?

Mr. EDMONDS. Yes; those are lines that are now operating.

Mr. GARRETT of Tennessee. And, of course, without any subsidy.

Mr. EDMONDS. Their vessels are documented under the laws of the United States and operating now.

Mr. BLANTON. Will the gentleman yield?

Mr. EDMONDS. I can not yield now.

Mr. BLANTON. On the gentleman's amendment.

Mr. EDMONDS. We know that the United Fruit Co. does a commercial business along with its own business. We know that the Bermudas Asphalt Co. does some commercial business along with its own business. We also know that the Atlantic, Gulf, and West Indies boats do some commercial business along with their own business. We also know that pretty nearly all of these companies probably do a little commercial business.

We know that the United States Steel Products Co. and the isthmian lines are out asking for commercial business, advertising for it, as are also the ships of the United States Steel Co. Now, what does my amendment do? It says that such portions of the cargo as may belong to the owner or affiliated corporations—and we are very careful in our definition of affiliated corporations—can not get the subsidy. The proportion of the ship that is used for the owners' cargo can receive no subsidy. In other words, we will say one-half the ship is owners' cargo, or 25 per cent is owners' cargo, or 75 per cent is owner's cargo. We deduct that much from the subsidy which they would otherwise get. I think that is fair. I think it is honest. I do not believe any gentleman in the House would want to oppose it, and I believe we ought to pass it.

Mr. BLANTON. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. BLANTON. Will the gentleman's amendment do what it says we ought to do?

Mr. EDMONDS. Beyond any question.

Mr. BLANTON. Could not the gentleman have put it in a little plainer language?

Mr. EDMONDS. I have written this amendment three times, and I can not get it any plainer than it is there.

Mr. BLANTON. It is a conglomeration of words, and I do not think it means what the gentleman thinks it means.

Mr. EDMONDS. I think it does, and the legislative drafting bureau thinks it does, and of course I can not help the gentleman's thoughts in the matter. I would be glad if I could impress his mind with the value of this amendment, and also with the real truth that the amendment covers what he desires to do.

Mr. DAVIS of Tennessee. Mr. Chairman, during the hearings certain members of the committee made very strenuous efforts to do what the gentleman from Pennsylvania [Mr. EDMONDS] is now proposing to do, but all of our efforts were repelled. Now they have seen the light. I do not know whether it is due to a change of heart on their part, or due to the fact that they need votes, or whether it is also due to the fact that we see from the press that on yesterday the Atlantic Refining Co., a Standard Oil subsidiary, declared a stock dividend of 900 per cent. The Atlantic Refining Co. has been paying an annual dividend of 20 per cent on stock of \$1,700 par value. These \$100 shares now sell at \$1,300 per share. Then there is another dispatch from Chicago to the effect that a special meeting of the stockholders of the Standard Oil Co. of Indiana has been called to meet December 27 to decide whether the capital stock of the company shall be increased from \$140,000,000 to \$250,000,000. If the in-

crease is approved, it is proposed to issue a stock dividend of 100 per cent.

Now, the amendment proposed by the gentleman is, as the gentleman from Texas [Mr. BLANTON] suggests, very muddy in its language. I am not sure that I know just what it means, although I have studied it closely. But assuming that it means all that the gentleman from Pennsylvania claims, I am sure he will admit that these industrial carriers will still receive subsidies upon all other products which they carry, and that the amount to which they are thus entitled is to be decided by the Shipping Board, that being one of the numerous powers lodged in the Shipping Board. And how and upon what will the Shipping Board determine it? Upon the reports made to them by the Standard Oil Co. and these other industrial concerns, because there is no method provided in this bill by which auditors could be sent to audit their books or anything of that kind. They would simply have to depend upon the reports made to them by these companies.

I want in this same connection to call the attention of Members to the fact that even if this direct subsidy is taken from these industrial companies for carrying their own products instead of serving the public, under the provisions of the bill they will still receive all the other privileges and benefits carried in this bill. They will still get their tax exemptions, they will still get the various other indirect benefits that are provided in this bill. Now the amendment, in my opinion, is not sufficiently clear. In the second place I do not think it goes far enough to protect the interests of the public, even in that respect, and it is simply in line with the policy that has been pursued all along with regard to this proposition; because the bill as originally introduced provided that before any of these industrial concerns were entitled to a subsidy they should hold themselves out as common carriers to the extent of one-third of their cargo space. But that was exposed to such an extent by the committee that they abandoned that and struck out that requirement.

Right on that point I want to call your attention to an article that was written by Winthrop L. Marvin, and it states in the headlines of the article as follows:

The merchant marine bill of 1922 analyzed. One of the experts who assisted the Shipping Board in framing the bill outlines its merits.

In that article he says:

Under one of the provisions of section 701 oil tank carriers and light craft owned by great producing companies are required to hold open until 10 days before sailing substantially one-third of their cargo capacity for use as the common carrier in order to be eligible to the compensation provided. Here again is a provision manifestly inserted to smooth the passage of the bill to meet objections certain to be raised by a certain class of lawmakers.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. CHINDBLOM. Mr. Chairman, I move to strike out the last word. It is apparent that no modification which we can suggest will be satisfactory to my good friend, the gentleman from Tennessee, and gentlemen on the other side of the aisle. When the gentleman from Pennsylvania made the announcement that he would offer an amendment in good faith that would cover the objections made in regard to this proposition and when he has kept faith in pursuance of such promise, we find our good friends who are opposed to the legislation altogether shaking their heads and expressing doubt as to whether the actual purpose is going to be accomplished. Now, personally, I regret that this amendment is offered to this bill. I think the time will come when we will regret that we have permitted the oil tankers and these other ships so admirably fitted for our purposes in time of war—I say the time will come when we will regret that we permitted these ships to go under other flags. That will be the result. We are driving them under other flags where they can operate at a less expense and where they will not be handicapped by the provisions that we have put upon the statute books. I think we have discussed this question in all of its phases, and I therefore move that all debate on this amendment be now closed.

Mr. BANKHEAD. I hope the gentleman will not make that motion. This is a very important amendment, and I think we ought to have an opportunity to discuss it. I would like to have five minutes.

The CHAIRMAN. The gentleman from Illinois moves that all debate on this amendment be now closed.

Mr. MONDELL. Mr. Chairman, I move to amend the motion that all debate on this section and amendments thereto be now closed.

Mr. J. M. NELSON. Oh, Mr. Chairman, I trust that gentlemen will not shut out the opportunity to offer amendments and discuss them. I want to offer an amendment.

Mr. MONDELL. The gentleman can offer his amendment.

Mr. SEARS. Mr. Chairman, there has been no discussion of this amendment except upon one side.

Mr. MONDELL. Well, Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

Mr. BANKHEAD. I hope the gentleman will not include all amendments. I have some amendments I want to offer and discuss.

The CHAIRMAN. The question is on the motion of the gentleman from Wyoming that all debate on this section and amendments thereto close in 10 minutes.

The question was taken; and on a division (demanded by Mr. MONDELL) there were 66 ayes and 32 noes.

So the motion was agreed to.

Mr. GARRETT of Tennessee. Mr. Chairman, I want recognition for about a minute to discuss the amendment.

The CHAIRMAN. The Chair will recognize the gentleman from Tennessee.

Mr. MONDELL. But, Mr. Chairman, the gentleman from Wisconsin had an amendment that he was about to offer.

Mr. GARRETT of Tennessee. I will yield the floor.

Mr. J. M. NELSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 29, strike out lines 22 and 23.

Mr. J. M. NELSON. Mr. Chairman, I want to call attention to the subject of American seamanship.

The CHAIRMAN. The Chair will call the attention of the gentleman from Wisconsin to the fact that there is already an amendment to an amendment of the gentleman from Pennsylvania. The gentleman's amendment can be read for information.

Mr. GARRETT of Tennessee. The amendment offered by the gentleman from Pennsylvania will have to be disposed of first.

Mr. J. M. NELSON. Then, Mr. Chairman, I will withhold my amendment.

Mr. GARRETT of Tennessee. Mr. Chairman, I wish to say this in regard to what was said by the gentleman from Illinois [Mr. CHINDBLOM]. He stated his apprehension that these tankers, as I understand, and the United Fruit Co.'s vessels might be driven under the flag of some other country. It does not seem to me that there is any just ground for that apprehension. These vessels have been operating for many years without any subsidy, and there certainly can be no legitimate excuse for their being transferred to another flag. If they do so, it will not be because of this legislation.

Mr. MONDELL. Many oil tankers are not under our flag.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Chair will now recognize the gentleman from Wisconsin. The Clerk will read the amendment.

The Clerk read as follows:

Page 29, strike out lines 22 and 23.

Mr. J. M. NELSON. Mr. Chairman, if that carries, I am going to offer this proviso:

Provided, That the foregoing paragraph determining the number of citizens of the United States and the eligibility of individual members of the crew shall apply to all American vessels of 100 registered tons and upward leaving any port of the United States on any voyage.

I do this to test the sincerity of gentlemen like my good friend from Illinois [Mr. CHINDBLOM], who tells you about the emergency features and the necessity of Standard Oil ships for war purposes.

Mr. CHINDBLOM. Does the gentleman doubt the sincerity of the gentleman from Illinois?

Mr. J. M. NELSON. Mr. Chairman, neither the present subsidy bill nor any other that treats sea power as a flower to be raised in a hothouse can succeed in accomplishing its ostensible purpose. This is the position of well-informed and experienced seamen. Power on the sea, they insist, has through the historical periods been so absolutely and exclusively in the possession of the nations or races that develop the seamen that it is surprising, to say the least, to men who know, that anybody after any study of this question should propose to grow such a flower in a subsidy hothouse.

Seamen no doubt began as fishermen in the rivers, then on the seacoast, then on the banks near the coast, at first in carrying their own produce and later the produce of others in vessels built for that purpose. They captured the whale on the coast, then after a while followed him, and finally sought him

wherever he could be found. It was always the men. And the men gradually developed their tools from the log in the river to the modern ship, which is the product of men and the need that men felt for the tools necessary to their calling. From this it seems an indisputable fact that sea power is in the seamen, that vessels are the tools of seamen; and that they ultimately belong to the races and nations that know how to use them. Seamen do not grow on shore; they are not trained on shore. The knowledge of seamen is the product of the ages; and probably about 75 per cent of that knowledge is carried forward from one generation to another by word of mouth and example.

Seeking some definition of the different ratings of seamen and trying to make descriptions, the Labor Department some time ago furnished substantially the following:

THE BOY

Must be of good physique, have good eyes, good ears, and a stout heart. When he comes on the vessel, everything is new and strange. He is gradually being accustomed to his new surroundings; he is learning to stand on the platform that is never still; he is learning to walk; his body is gradually acquiring the sea habit—he is getting sea legs. He is doing such work as he can, assisting the able seaman or the ordinary seaman in the work on the vessel. When he has learned sufficiently, and it usually takes about one year, he becomes an

ORDINARY SEAMAN.

As such he is learning more about the vessel under the continually shifting conditions. His sea legs are being perfected. He is continuing to learn more and more about the vessel's gear, the names, what it is used for, and where it is found. In daylight or darkness he must be able to find it. He is learning to use the gear, to repair it, and, where possible, to replace it. As he becomes more skillful he becomes more useful, and after about two years as ordinary seaman he becomes, by virtue of his skill, an

ABLE SEAMAN.

The work required from him is such that he needs the physical development which is not usually reached before the age of 19, and practically all countries make this age the minimum. He must now be so accustomed to the sea that he can stand on his feet in all kinds of weather without supporting himself by his hands, because he has other use for them. His body must have acquired the faculty of automatically so corresponding to the vessel's movements that he can stand on his feet, see with his eyes, hear with his ears, use his judgment, exercise his will, and make his body obey. If he has not learned this and is yet alive, he has in probability but a short time to live. He must know the vessel, her appliances, her gear, and the boats. He must be able to use, to repair, and, as far as possible, to replace the gear and appliances and to lower and manage the boats. He must by this time have acquired so much of the traditions and lore of the sea that he has a full appreciation of his duty to his shipmates, the passengers, the ship, and her cargo.

Boatswain, boatswain's mate, and quartermasters are able seamen picked to perform more special work, and this choice is usually made because of special fitness or because he possesses qualities of command. These ratings are usually considered "petty officers," but they are, in fact, just able seamen—given a special rating.

The able seaman ought to sail as such for at least one year before he be permitted to present himself for examination as an officer. Having learned the ship, her gear and appliances, and something about what the ship will do under her power, mechanical or sail, and feeling an ambition to become an officer, he will go to a navigation school to acquire the knowledge necessary to find his position by dead reckoning and astronomical observations. When he has obtained a certificate to this effect and obtains a position as fourth, third, or second mate, he is in fact an

OFFICER.

As he was learning to use, repair, and replace the vessel's gear, he is now learning what a vessel can be made to do under sail, steam, or other mechanical power under different conditions as to weather and sea. The master is there to teach him and he is given opportunity to develop his own judgment by the experience through which he is now passing.

From among the fourth mates the third mates are selected after either a customary or a statutory period served in the lower capacity. The wise, if not always the customary, method is to select for advancement—from a lower to a higher rating or grade—those who give evidence of the greatest capacity. As experience increases, the certificates are raised until the grade of first mate or chief officer is reached. From these (after proper examination for a master's certificate) the employer—the shipowner—selects the man to whom he will intrust his vessel. He is now expected to know all that a vessel can be expected to do under the skillful use of such motive power as the vessel has. But aside from these accomplishments he must know the master's duty in port and at sea under the laws of his own country and the laws of nations. He must know something of medicine, to give at least first aid to the injured or sick. He must, in order to be a successful master, know how to pick out efficient officers and men, how to make the best use of men and materials in keeping the vessel in order and away from the repair yards and repair shops. Upon this will depend the quickness of the turn around and the ability of the vessel to pay dividends.

The development from boy to master must be open to all as nearly as possible upon equality. Only thus can the calling acquire, develop, and keep the best service, which means the best men.

THE ENGINE DEPARTMENT.

In this department as in the deck department the advance from wiper or coal passer to chief engineer must be step over step, based upon fitness, experience, practical and theoretical knowledge ascertained through examinations and periods of service in each rating. This work is different from the work on deck, but it is not different in the necessity for acquisition of the sea habit, the sea mind, and sea legs. In all but important and serious repairs the personnel must be able to keep the vessel from the repair shop. The lack of skill in the men and officers increases coal and oil consumption, decreases the speed, and causes the vessel to go to the repair shop when in port.

The general manager's attention will be peremptorily called to this at such times as he compares the expenses of the last report and the previous ones.

The personnel in the steward's department must be developed in the same gradual manner as the other two departments. Here the lack of skill will make itself seen and heard after every trip through the progressive loss of passengers, the waste of food, quarrels on the vessel, and a constant and expensive turnover in the crew.

There can be no doubt that, everything else being equal, the victory in competition will go to the highest skilled crew if employed when and where possible. In this, as in all other competitive business, the highest skilled man is the most dangerous competitor; but aside from the comparatively few ports where men can be obtained from shore to do the repair needed there are the much greater numbers of seaports where no such conveniences are at hand. This will include about 75 per cent of the world's seaports. To be able to earn the most money a vessel must be able to go to any and all places where she can enter with the depth of water to float her. With any accident in or near such places the vessel that has an inefficient or too small a crew is at a great disadvantage and the extra cost will easily eat up her other earnings.

The vessel with the highest skilled crew has at all times the advantage. To develop such personnel is therefore of the highest importance. But such a personnel can only be developed where the men are employed to do all work possible in port. This develops skill and the steadiness of employment keeps it with and in the business.

The foregoing somewhat amplifies the definition of the ratings. The practical application of them constitutes the school through which the seamen must go. Seamen were never developed in any other way, and the very nature of the calling makes it impossible to develop seamanship in any other way. Nothing in this subsidy bill will aid in the development of the personnel.

COMPARISON.

The United States has more ships than there are any prospects of using until there is not only a reestablishment of normalcy but a positive boom in industry and transportation. Germany at the close of the war retained her seamen but lost practically all her vessels. Having ship managers who know trade geography and management of vessels from shore, licensed officers and unlicensed seamen who know how to handle ships at sea and in harbor, how to make the quickest passages and how to keep the vessels out of the repair yards and repair shops, Germany is coming back with the speed of a race horse. America, lacking skilled managers, skilled officers and seamen, and doing nothing to develop either, but, on the contrary, in the last two years doing everything reasonably possible to destroy the gradually developing personnel, is "progressively" going behind in the race.

THE SEAMEN'S ACT.

The La Follette Seamen's Act was intended to serve the development of an American personnel. When it had any chance to function it did so. Not only did it bring Americans to sea and get back to the sea a good many men who had left it—trained seamen needed for the teaching of the others—but it abolished unfair competition by equalizing wages between foreign and American vessels. The utterly unjustifiable mutilations of section 14, the utter failure to enforce section 13 and section 2, have succeeded in bringing those sections of the law into contempt and in taking from the seamen the hope that those sections of the act had raised. In fact, the policy of the last two years has driven from the sea the budding American citizen seamen, as well as the skilled seamen who have declared their intention to become citizens of the United States.

THE RESPONSIBILITY.

The responsibility for this must be placed directly at the doors of the shipowners' association and the United States Shipping Board. The shipowners of America have, with three exceptions (the McGuire Act, the White Act, and the La Follette Act), had the willing ear of Congress to adopt such legislation as they advised. Their advice must have been bad, because it found us, when the hour of trial came, with practically no vessels in the foreign trade and practically no real American seamen. Aside from this, the shipowners did their utmost to nullify the McGuire Act, the White Act, and the La Follette Act. The Shipping Board has in the last two years, in the main, followed the shipowners' advice with disastrous results.

The shipowners now are asking Congress to give to them, through the Shipping Board, powers and privileges such as patriotic men would never ask and bad men should never receive. There is no justification for this bill, except upon the policy of taking care of the bankers and letting them take care of the people, take care of the employers, and take care of the workers, evidently with the idea that the benefits conferred upon the banker and shipowner will eventually filter down to the worker. That this is a vain hope so far as the shipowner is concerned is conclusively proven in the coastwise trade, where the American shipowner has an exclusive privilege and where he goes to all lengths in disregarding law for the purpose of employing anybody from anywhere, regardless of skill,

nationality, knowledge of English, and even physical aptitude. The only question considered by the shipowner is wages. From his point of view he can safely do this, because he is covered by limitation of liability, by insurance, so-called legitimate, but in fact a pure gamble, and by protection and indemnity insurance. Through both of these systems of insurance he transfers all his risks, small as well as great, from himself to the general community by adding this cost, which he makes permanent, to the freight rates.

NATIONAL DEFENSE.

It is claimed for this bill that one of its main purposes is national defense, yet it excludes from the citizen clause about two-thirds of the unlicensed crew of passenger vessels, and thus permits the employment of Chinese, other orientals, or the nationals of other countries with whom we may find ourselves at war. Then it excludes the 50,000 men, practically all in the military age, employed in the coastwise or domestic trade. It is difficult indeed to understand why the men employed in the coastwise trade are not included in the citizen clause, all of which could be done with a proviso, if the purpose of the bill is national defense.

For the foregoing reasons the insincerity of the argument that this subsidy bill has regard to the general defense or welfare is perfectly self-evident. Every detail of the bill sheds light on the fact that property rights and not human rights, profit and not patriotism, special privilege and not the general welfare, constitute the objectives of this measure. The 50,000 seamen, more or less, who are opposed to this legislation, regarding it as a pretense and a fraud, count for nothing. But the 500 shipowners, more or less, whose pockets will be at one end of the law and the Treasury Department at the other, count for everything.

American seamen are not deceived. They understand fully how this measure will work out. They know that this bill is as false in theory as it is delusive in purpose, and that the only assured result of its enactment is more fruit of the kind the Shipping Board has hitherto served to the American people in superabundance.

In short, Mr. Chairman, the purpose of my amendment is to point out to this committee that an American merchant marine depends primarily on an American personnel. Sea power will never be successfully produced in a subsidy hothouse; it must develop in actual service on the sea; and therefore legislation that fails to stress the first consideration of success, American seamanship, can not hope to produce a merchant marine with power to survive any length of time after the subsidy ceases.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. WHITE of Maine. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITE of Maine: Page 28, line 25, after the word "than" strike out the figures "1,000" and insert in lieu thereof the figures "500."

Mr. EDMONDS. Mr. Chairman, we will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The amendment was agreed to.

Mr. BANKHEAD. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 31, after the amendment offered by Mr. EDMONDS just adopted, insert: "Provided, That no compensation shall be paid or allowed in respect to any vessels upon which any liquors or beverages containing more than one-half of 1 per cent of alcohol, by volume, are stored, transported, sold, or offered for sale either within or without the territorial waters of the United States."

Mr. EDMONDS. Mr. Chairman, I desire to offer a substitute for that amendment.

The CHAIRMAN. Does the gentleman from Alabama claim the floor?

Mr. BANKHEAD. Yes.

The CHAIRMAN. The gentleman is recognized for four and one-half minutes.

Mr. BANKHEAD. Mr. Chairman, I want to submit a unanimous-consent request by agreement with the majority leader. Am I recognized for the four minutes?

The CHAIRMAN. Yes.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that 10 minutes be allowed for debate upon this amendment.

Mr. LINTHICUM. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Alabama is recognized for four additional minutes remaining.

Mr. BANKHEAD. Mr. Chairman, it seems to me that this is an amendment which needs no explanation and that the reading of the amendment itself is as good an argument as could be made in favor of its adoption. The Constitution of the United States and the laws of Congress are the supreme law of the land. The purpose of this amendment is to provide that under the eighteenth amendment and the Volstead Act, which was adopted to put that amendment into effect, the provisions of the eighteenth amendment shall apply on the high seas as well as in the domestic territory and our territorial waters. The purpose of offering this amendment is to leave absolutely no doubt as to the will of Congress upon this proposition as to whether or not, despite the fact that we have the eighteenth amendment prohibiting the sale and the possession of certain liquors on land and within the territorial waters, we shall be consistent and proclaim that as a law of the land, as it ought to be, on any ship flying the flag of the United States. It is not necessary for me to undertake within these four minutes to make any argument on this proposition. I think everyone here correctly understands the spirit and purpose of this amendment. If this Congress is in favor of the enforcement of the prohibition laws which it has passed and put on the statute books and in favor of carrying out the Constitution of the United States wherever the flag flies—and the Constitution certainly always follows the flag—then I do not see how any man who professes to be a prohibitionist on this floor can vote against this amendment.

Mr. HUDDLESTON. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. HUDDLESTON. Is the gentleman's amendment intended to prevent the carrying of liquors for medicinal and sacramental purposes?

Mr. BANKHEAD. It is for beverage purposes.

Mr. HUDDLESTON. Is it so limited?

Mr. BANKHEAD. It follows the language of the Volstead law on the proposition of prohibited liquor.

Mr. FESS. Is it not true that the Department of Justice and the district court of New York have already decided that liquors can not be transported under the American flag?

Mr. BANKHEAD. Does the gentleman know whether they have or not?

Mr. FESS. My understanding is that they have.

Mr. BANKHEAD. Then why does the gentleman ask me?

Mr. FESS. I want to know whether the gentleman was informed of that matter.

Mr. BANKHEAD. Well, I read the papers occasionally, I will say to the gentleman from Ohio.

Mr. FESS. Then, what is the necessity for the gentleman's amendment?

Mr. BANKHEAD. If this is the law as interpreted by the court, what objection can the gentleman have to writing it in this law?

Mr. FESS. What is the use of the amendment?

Mr. EDMONDS. I offer this amendment by way of a substitute, and ask five minutes' time to speak on my substitute.

Mr. LINTHICUM. Mr. Chairman, I object.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS as a substitute: "Compensation shall not be paid in respect to any vessel for mileage covered upon a voyage if at any time during such voyage liquor for beverage purposes (the sale or transportation of which on land is prohibited by the national prohibition act, or any act in amendment thereof, supplemental thereto, or in substitution thereof) has been transported on the vessel with the knowledge or consent of the owner, charterer, agent, or master of the vessel, or sold on the vessel by or for the account of, or with the knowledge or consent of, the owner, charterer, agent, or master of the vessel."

The CHAIRMAN. The question is on agreeing to the substitute to the amendment offered by the gentleman from Alabama.

Mr. CRAMTON. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. CRAMTON. To ask unanimous consent to extend my remarks in the Record on this amendment.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. CRAMTON. Mr. Chairman, under the leave granted me I desire to insert the following telegram from legislative committees of the Anti-Saloon League and the Woman's Christian Temperance Union emphasizing the desirability of omitting any antiliqor legislation from the pending bill. Being in agreement with the views expressed therein, I believe that

neither the Bankhead nor the Edmonds amendment, now pending, should be adopted. The telegram is as follows:

TORONTO, ONTARIO, November 28, 1922.

Hon. L. C. CRAMTON,

Member of Congress, Washington, D. C.:

Law now prohibits effectively liquor on all American ships. Why endanger existing legislation by a probably less effective amendment? Court would be influenced by last act of Congress in construing law. Believe no good reason for injecting prohibition in subsidy bill.

JAMES CANNON, Jr.

A. J. BARTON,

ERNEST H. CHERRINGTON,

WM. H. ANDERSON,

W. B. WHEELER,

Legislative Committee Anti-Saloon League.

ANNA A. GORDON,

LENA LOWE YOST,

Woman's Christian Temperance Union.

The CHAIRMAN. The question is on agreeing to the substitute to the amendment offered by the gentleman from Alabama.

The question was taken, and the Chair announced the ayes seemed to have it.

Mr. BANKHEAD. Mr. Chairman, I ask for a division.

The committee divided; and there were—ayes 75, noes 27.

So the substitute to the amendment was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment as amended.

The question was taken, and the Chair announced the ayes seemed to have it.

Mr. PARKER of New Jersey. I demand a division, sir.

The committee again divided; and there were—ayes 56, noes 31.

So the amendment to the amendment was agreed to.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 29, line 5, after the word "vessel," insert "and regularly operated as a common carrier."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 30, line 20, strike out "(2) Is built in the United States, its Territories or possessions, or the Canal Zone, after the enactment of this act; or".

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

FOREIGN TRADE.

SEC. 407. (a) Except as provided in subdivision (b), (d), or (e), a vessel shall, for the purposes of this title, be held to be engaged in foreign trade while operated on any voyage as a merchant vessel.

(b) A vessel shall not, for the purposes of this title, be held to be engaged in foreign trade while carrying any passengers or cargo—

(1) Which are taken on board at a port in the United States and discharged at a port in the United States;

(2) Which are taken on board at a port in the United States and discharged at a port in Alaska or Porto Rico;

(3) Which are taken on board at a port in Alaska or Porto Rico and discharged at a port in the United States;

(4) Which are taken on board at a port in the United States and discharged at a port in Hawaii, if the revenue accruing to the vessel by reason of the carriage of such passengers and cargo amounts to more than one-fourth the total revenue accruing to the vessel by reason of the carriage from point of origin to point of destination of passengers and cargo on board at the time of departure from the last port of call in the United States;

(5) Which are taken on board at a port in Hawaii and discharged at a port in the United States, if the revenue accruing to the vessel by reason of the carriage of such passengers and cargo amounts to more than one-fourth the total revenue accruing to the vessels by reason of the carriage from point of origin to point of destination of the passengers and cargo on board at the time of departure from the last port of call in Hawaii; or

(6) Which are taken on board at a port in Alaska, Hawaii, Porto Rico, the Virgin Islands, the Philippine Islands, or the Canal Zone, and discharged at a port in the same Territory, possession, or zone.

(c) Subdivision (b) shall not apply (1) to a voyage for the carriage of passengers on a special or sight-seeing tour, or for scientific purposes, if the vessel does not, in the judgment of the board, carry passengers or cargo in competition with vessels in the coastwise trade; nor (2) to merchant vessels while operating as auxiliaries to the military or naval forces of the United States.

(d) A vessel shall not, for the purposes of this title, be held to be engaged in foreign trade while moving without passengers or cargo—

(1) Between ports in the United States, unless the next carriage of passengers or cargo is to or from a port outside the United States, Alaska, Hawaii, and Porto Rico;

(2) Between the United States and Alaska, Hawaii, or Porto Rico, unless the next carriage of passengers or cargo is to or from a port outside the United States and outside such Territory or possession;

(3) Between a port in Alaska, Hawaii, or Porto Rico and a port in the same Territory or possession, unless the next carriage of passengers or cargo is to or from a port outside such Territory or possession and outside the United States; or

(4) Between a port in the Virgin Islands, the Philippine Islands, or the Canal Zone, and a port in the same possession or zone, unless the next carriage of passengers or cargo is to or from a port outside such possession or zone.

(e) A vessel shall not, for the purposes of this title, be held to be engaged in foreign trade while operating on the Great Lakes or adjacent or connecting waterways, unless the voyage begins or ends east of Quebec, Canada.

Mr. JONES of Texas. Mr. Chairman, on Tuesday, November 21, there appeared in the Washington Herald an article with the headline—

JULIUS KAHN BITTER AGAINST THE BLOC SYSTEM IN CONGRESS.

I have read the interview with curious interest. The statement starts off as follows:

If Congress would pay less attention to blocs and groups, it would serve the country better.

He censured the Middle West farmer for his opposition to President Harding's ship-subsidy proposal. He said:

They do not want the ship subsidy, because they do not see that it will be of greater benefit to them than to any other class of American citizens. The farmer is certainly justified in presenting his own particular wants before the country, but he has no right to demand, as he is demanding, that his wants be attended to and that everything else be voted down.

Of all the strange paradoxes, this statement, to use the vernacular of the street, "takes the cake." In one sentence the distinguished gentleman from California decries blocs and groups, and in the next breath, with dramatic flourish, he joins the ship-subsidy group and declares in effect that anyone who opposes it is opposed to our national welfare. This is in line with the statements of everyone else who has opposed the activities of the farm bloc. It is strange that they had no thought of this position before. For 25 years Mr. KAHN has been a Member of Congress. During that time there have been various blocs in the House, and some of them even used a "block and tackle."

For many years there has been a financial bloc which has swept down on the Congress in the interest of the financiers and endeavored to secure anything and everything they desired. There has been a Wall Street bloc. There has been a railroad bloc. There has been a tariff bloc. But on all these blocs these gentlemen have been strangely silent. However, since a group of men in the House and Senate have undertaken to do something substantial and real for the producers of this Nation the anvil chorus has been in continuous operation.

So long as they could get by with a verbal tribute to the farmer they were happy in the presence of all kinds of blocs and groups. But they want it to stop there.

I thoroughly agree that group legislation in most instances is unsatisfactory, but when all kinds of groups and bloc systems are being used whose interests conflict with those of agriculture and stock raising, then in sheer self-defense those who represent farming interests must also stand together, not only to secure even their own rights but also to protect the Treasury against organized raids.

If the subsidy business is started, where will it end? I thoroughly agree that it would be a desirable thing to have ships all over the oceans flying American flags. But can you subsidize one interest without subsidizing all? Is the transportation on land not just as essential as transportation on the sea, and is not production just as essential as transportation? In fact, all of them are essential, and if you start to subsidizing one essential interest then in logic and good sense you must subsidize all; and if you subsidize all interests in the Nation, you wind up just where you started. Is it any more essential that the flag should fly on the seas than on the land? Is it any more desirable that the flag should fly on the ships that plow the ocean than that it should fly on the continental farms of the United States?

If we were a new Nation, without credit, without facilities, and with vast potential resources all of which needed development, then conditions would be in some respects different, but the United States has more credit than any other nation. It has more money than any other nation. Its resources are as highly developed as those of any other country, and if any industry is unable to survive in open competition, then it seems futile to take money from all to distribute among the few.

Mr. KAHN says we can get nowhere as a Nation, we can get nowhere as a Congress unless we come to the realization that there are other people whose endeavors are directed along lines other than farming who must have consideration from the Nation's lawmaking bodies. Of course this is true, but I would like to call his attention to the fact that there are other people whose endeavors are directed along lines other than operating ships who must have consideration from the Nation's law-

making bodies. No man and no set of men should be given a subsidy in the leading Nation of the world. Everything legitimate should be done to foster the interests of the whole Nation. Every opportunity should be given to every man to engage in any line of productive work, but it should be simply an opportunity and not a subsidy. Legislation should be national and should be in the interest of the whole people and not for the benefit of a favored few.

It is said that there is a system among a certain class of people who, when they have filched something that belongs to another, join the pursuing crowd and begin to yell "Stop thief." It seems that the gentleman from California has been invoking a similar philosophy. Desiring to secure something from the Treasury of the United States in behalf of the few shipowners, he attempts to distract attention from the matter in hand by railing at the farm bloc.

Now, the farm bloc has not attempted to get the United States Government to give the farmers anything. It has simply endeavored to get the farmers placed in the same position as other activities of this country in the way of markets and of credits, and in all the legislation that has been passed they have been expected to give ample security for any credits that were even indirectly advanced to them. But no such thing is expected of the shipping interests. They not only do not expect to give security for the moneys advanced, they do not even expect to give a promise to pay. They simply want the Congress of the United States to assume the rôle of a "walking Santa Claus" and hand them the money which they desire. This is an un-American policy which is contrary to the genius of a representative form of government.

Mr. MOORE of Virginia. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Virginia rise?

Mr. MOORE of Virginia. To move to strike out the last two words.

Mr. Chairman, it is very apparent if the compensation provisions are passed as they stand that this will be the situation, notwithstanding the amendment that was adopted a while ago, offered by the gentleman from Illinois [Mr. MADDEN]: The Shipping Board will have authority at any time—let us say perhaps within the next 6 months—to cover the whole field of compensation by 10-year contracts, a subsequent Congress may see fit to repeal or modify the act, and although that may be done it is manifestly clear that any party with whom a contract may have been made, while his contract may be terminated, will have the right to press a claim for damages against the United States.

That being true, that being incontestably true, even though the Sixty-eighth Congress or some subsequent Congress should feel that the act ought to be repealed or materially modified with respect to the matter of compensation, the Government would have no protection at all against claims, and they might be very large and extensive claims for damages.

Now, nobody can dispute that. The prohibition against the impairment of the obligation of a contract applies to States alone. It does not apply to the United States. A subsequent Congress may enact legislation designed to put an end to compensation contracts, but even though that is done, parties who are affected will retain their right to press their claims for damages.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Virginia. Yes.

Mr. DEMPSEY. Will not the claim for damages be limited by the amount of loss? Will not the shipowner show what the loss of profit is, instead of simply showing what the amount of the subsidy is?

Mr. MOORE of Virginia. Under statutes now in force a party would be entitled to go to the Court of Claims and ask for the amount of the unpaid compensation for the period of the contract. That might cover his loss, but he might be allowed to superadd to that any other direct damages that he may have sustained.

My friend, the gentleman from New York [Mr. DEMPSEY], who is a most excellent lawyer, knows very well that whatever the measure of damages, the party would have a claim that he could assert, and assert successfully.

Mr. DEMPSEY. That is true.

Mr. MOORE of Virginia. And if my friend were counsel he would press not only for the amounts specified in the contract but he would press for something more.

Now, that being the fact, as it is admitted to be true, we ought to guard against the possibility of that happening by such an amendment as I have drawn and will offer in a little while, reserving to Congress—to the Sixty-eighth Congress or any subsequent Congress—the right to repeal and modify the contract in such manner as will not only terminate the contract but exclude damage claims. Unless that is done you

will chloroform the next Congress and chloroform at least four subsequent Congresses, because the contract period is 10 years. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. HICKS. Mr. Chairman, the debate on this bill is nearly over. The discussion has been illuminating and interesting, but devoid on the part of the opposition of any suggestion which will remedy the present unsatisfactory condition of our shipping. That something must be done is admitted by all who are cognizant of the facts. In former days, when we possessed no foreign shipping of any moment, the establishment of a merchant marine was open to discussion, and it could be fairly questioned whether it was worth while to attempt its construction at an expense to the public purse. Then there was room for a difference of opinion, but now, with a merchant marine in existence, we are past any theoretical discussion and are confronted by a condition which requires action, a condition which can not be evaded or dismissed, a condition which carries with it responsibilities which must be met.

I desire to call attention to an item appearing in the Washington Star of last Friday in reference to a cable dispatch which had been received from England, where the opposition here to this bill had evidently been interpreted as spelling its rejection. This dispatch read:

LONDON.—Expected defeat of ship subsidy bill in United States having marked effect on shipping shares here. Peninsular & Oriental Steamship Co. rose 5 points yesterday, Royal Mail 3½ points, and Cunard 1½ points.

The Star further comments as follows:

This is not a new viewpoint with foreign interests. For many years before the war the Germans maintained a lobby in Washington to prevent ship subsidy legislation. The importance of the British attitude at present is that it demonstrates how fearful their shipping interests are of an American merchant marine, privately managed, as contrasted with Government operation, which they do not fear at all, because they regard it as inefficient and ineffective.

That shipowners abroad desire the defeat of this bill and view with serious alarm the adoption of the President's recommendations can not be doubted. They speak from their standpoint for they realize their shipping supremacy is in jeopardy. But I want to stress the American side and I ask, Is American pride and American enterprise to be made subservient to commercial rivals who seek to control the shipping of the world?

I impugn no man's motives; I challenge no man's right to vote as he deems proper. Without personal animosity or racial prejudice but in justice to an American industry, it is fair to inquire why it is that men prefer to stand with the English and Japanese shipowners in preference to the American shipowners. If it gives them any solace to strike at an American institution they are welcome to that solace. If it gives them pleasure to see American shipping wither and decay while the shipping of England and Japan thrives and prospers at our expense, the pleasure is theirs. If they favor foreigners who would be the beneficiaries of the course they desire Congress to pursue, instead of favoring Americans in their efforts to maintain our flag upon the seas, the choice is theirs. If they would rather obstruct this great national purpose by placing obstacles in its path, instead of promoting its development by encouraging the investment of capital and the employment of labor in the building and operation of our own ships, the decision is theirs, and upon their heads must come the censure and the condemnation should this measure fail of adoption.

But I have no fear that it will fail. Since the beginning of the discussion of this bill its position has steadily gained ground, for its proponents have presented sound, logical, practical, unanswerable arguments in its favor. It is a forward-looking, constructive piece of legislation founded on business principles. It deals with existing conditions in an honest effort to economize Government funds and seeks to eliminate the waste attendant on Government operation. It will supplant the inefficient and careless methods too often the result of public management, by the incentive and economic organization promoted by private control.

The ships are in existence; they are being operated; the money for their construction has been spent, and we are confronted by the expenditure of additional vast sums unless some change is made in the present system. We are faced with the practical fact of how best to conserve that which we already have. What have the opponents of this bill brought forward in an effort to solve the problem? Nothing but hackneyed political phrases and abstract theories on the principles of Government. Their objections have revealed no constructive measure; they have not suggested a single method for checking the present waste of public funds. If they favor economy why do they not offer some plan to protect the Treasury? If they are unable to do this, then in all fairness they should support this

bill which will undoubtedly bring about a reduction of expenditures. If they favor the transfer of ships to private hands—and I doubt if many feel otherwise—they should advance a plan of action. Outside of a comparative few, I think it is conceded that the Government should not be burdened by the permanent ownership and operation of ships for peace purposes. I believe that private ownership and operation is desirable for two reasons—first, because it is impossible for private citizens owning ships to survive the rivalry of Government-operated ships; and second, because it would afford financial relief to the Government and promote efficiency of service and enlargement of operation.

We must not forget that there is a vast number of privately owned ships now endeavoring to compete against Government-owned ships, and that the losses of these shipping companies will doom them to bankruptcy unless the present conditions are altered. Should this result take place the Government would find it even more difficult than at present to dispose of its vessels, and in the meantime American commerce would disappear and foreign shipowners would control the ocean rates and be masters of the sea-borne commerce. No suggestion has been offered by the opponents of this bill to meet such a situation, neither have they suggested any plan by which the United States would be provided with auxiliary ships for the Navy in case of the emergency of war. Other nations have their merchant marine fleets easily transformable into transports and supply vessels when necessary, a safeguard for their national defense.

For us to contemplate the possibility of repeating at some future date the experiment of constructing a war emergency fleet costing billions of dollars is unthinkable. Have the opponents of this bill any plan which would safeguard this possible contingency? Have the opponents of this bill any plan for encouraging the expansion of American commerce? If they have they should bring it forward, for I doubt if they honestly feel that American ships should abandon the seas. Let us look this question squarely in the face; let us not be frightened by the bugaboo of the word "subsidy." It is but another form of a protective policy which will result in this case in stopping the needless flow of money from the Treasury for the upkeep and operation of ships; it will accomplish the transfer of ships to private enterprise and make certain that ships shall be available for the Government whenever needed; it will encourage the commercial expansion of the United States and keep in America its proper proportion of the huge sums paid out for ocean freights and insurance on American products.

Mr. DAVIS of Tennessee. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. DAVIS of Tennessee offers the following amendment: Page 33, line 10, strike out subsection (d), paragraphs (1), (2), (3), and (4).

Mr. DAVIS of Tennessee. Mr. Chairman, I wish to supplement what has been stated by my colleague from Virginia [Mr. MOORE] by stating that the very purpose of this bill is to chloroform future Congresses, is to prevent future Congresses from exercising their prerogatives upon this question.

There appears in the hearings a letter from a shipping concern to the Shipping Board in which they recommended that the bill be so framed as to avoid appropriations and provide for permanence, and they have done both. I offered an amendment limiting these contracts to a period of 10 years from the date of the passage of the bill; in the bill it is 10 years from the date of the contract, and they can just keep making contracts and renewing them indefinitely. That amendment was voted down. Then I also offered another amendment to a previous section in which there was reserved the right to terminate those contracts upon 12 months' notice by an act of Congress. That was a section upon which a motion was made and jammed through to stop debate on the entire section after there had been only one five-minute speech, and that on the other side. It was one of the most important sections in this entire bill, and there were several important matters that some of us on this side desired to discuss. We were assured that we would be given a full and fair opportunity to discuss amendments. There have been no efforts whatever made on this side to kill time, and we have not offered a single amendment for that purpose, but every one of the amendments offered were offered in absolute good faith, and practically all of them were amendments that had been offered in committee by committee members.

Mr. MONDELL. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. MONDELL. Gentlemen on that side were demanding a vote by tellers when the vote was 3 or 4 to 1.

Mr. DAVIS of Tennessee. I want to say to the gentleman from Wyoming that there was no instance in which that was literally true. There was one case in which there was a large majority, but there were several cases in which there were close margins, and some amendments were adopted.

Mr. MONDELL. Well, then, if that is so, why did the gentleman do it? What is the gentleman complaining about?

Mr. DAVIS of Tennessee. I am saying there are many features of the bill which we desire to discuss. I am not speaking of this particular amendment, but of things which have transpired heretofore. I hope they will not transpire in the future. We are making pretty good progress on this bill, I think.

Now, as I said, getting back to the argument that was made by the gentleman from Virginia [Mr. MOORE] and supplemented by myself, the very purpose of that contract provision and of the resistance against anything which would reserve to future Congresses the right to act upon the proposition and express their will and the will of the people is the desire and the intention on the part of the proponents of this bill to make it permanent legislation, to tie the hands, to usurp the authority of future Congresses. I do not think we have the legal right to do it; I am sure we have not the moral right to do it. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. EDMONDS. Mr. Chairman, may I ask that the amendment offered by the gentleman from Tennessee be again read?

The CHAIRMAN. Without objection, the amendment will again be read.

Mr. DAVIS of Tennessee. It was a pro forma amendment.

The CHAIRMAN. Then, without objection, the amendment will be withdrawn.

There was no objection.

Mr. EDMONDS. Has the gentleman any other amendment to offer?

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 408. (a) Compensation shall be paid in respect to any vessel only for mileage covered while the vessel is engaged in foreign trade upon a voyage of which one of the ports is a port of the United States, its Territories or possessions, or the Canal Zone; except that any vessel engaged in foreign trade shall be paid compensation for mileage covered in such trade during any period of time (1) if the vessel has entered or cleared from a port of the United States at any time during the 12 months prior to such period of time and after the making of the contract; or (2) if the vessel during the six months ending with such period of time has derived at least one-half of the total revenue, accruing to it by reason of the carriage of passengers and cargo, from passengers and cargo received from or delivered to vessels which are registered, or enrolled and licensed, under the laws of the United States and whose voyage began or terminated at a port in the United States, its Territories or possessions, or the Canal Zone.

(b) Compensation shall not be paid in respect to any vessel for mileage covered upon a voyage in foreign trade during which the vessel enters or clears from a port in the United States, its Territories or possessions, or the Canal Zone, if the distance between the terminal ports of the voyage is less than 150 nautical miles.

Mr. HARDY of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HARDY of Texas: Page 34, line 13, after the word "Zone," strike out the remainder of line 13 and the balance of subsection (a) through line 2 on page 35.

Mr. HARDY of Texas. Mr. Chairman and gentlemen, the purpose of this amendment is to exclude from the receipt of subsidy vessels engaged in trade between foreign nations. If we had in view the purpose to help our commerce, we might somewhat justify the payment of a mileage subsidy to vessels carrying our commerce to foreign ports, or bringing foreign commerce to our ports; but this provision authorizes the payment of a mileage subsidy to vessels owned by Americans when they engage in transportation, we will say, from Petrograd, Russia, to Christiania, Norway, or from one foreign port in one country to another foreign port in another country, provided that during 12 months' time the vessel comes home once. I think we are doing pretty well if we pay a bonus gathered from the taxpayers of the United States for carrying the commodities of the United States abroad and bringing back commodities from abroad to the United States. But, if we propose now to put great fleets upon the ocean to enter into competition between foreign ports with ships of those foreign ports or nations, it seems to me we are very anxious to build up a special interest and put money in shipowners' pockets without regard to the interests of our own people. Therefore, I ask the earnest consideration of every Member of Congress who

wants to vote solely for the interest of our people and ask favorable consideration of this amendment.

Mr. EDMONDS. Mr. Chairman, again the gentleman are consistent. First they talk about the enormous monopolies that are going to get benefits under this bill. Now, they wish to exclude the poor little cargo carrier that might be owned by one man, traveling around the world looking for cargo, picking it up and carrying the American flag into foreign ports. They do not want him to have compensation. Why, gentlemen, the business of a cargo carrier is that of a common carrier. He may go to South Africa and pick up a cargo for India and then go to India and get a cargo for China, and then get a Chinese cargo and bring it to the United States. You are going to put him out of business. You are not going to pay him a subsidy.

Mr. HARDY of Texas. Does not this provision call for the payment of this subsidy to small ships or large ships, whether owned by little men or big men?

Mr. EDMONDS. Oh, yes; but you have objected to paying the big liners, and the big liners will run in regular lines from port to port.

Mr. HARDY of Texas. And then use these little boats as feeders, and we will give a subsidy on the little boats.

Mr. EDMONDS. Another thing, gentlemen. What does this do? We have in China and in the eastern seas a lot of vessels that pick up cargo and bring it and deliver it to American ships. We say that if 50 per cent of their tonnage is delivered to American ships we will pay them. Why? Because they are cargo bringers. They are the little wagons bringing the loads to your ships and giving you prosperous and good business. I think it is a mistake to cut them off. I think it is a mistake to change this paragraph at all. It was very carefully thought out by the committee. We do not want in any way to injure these vessels. There are a number of them in China, vessels that do not see a port of the United States for years. Yet they bring in cargo for our larger vessels to carry to the States.

Now, on the question of the other vessels, those that we require to make an American port every 12 months, they go around the world. They may go anywhere for 12 months, but we require them to come in once every 12 months.

Mr. BUTLER. What is the reason given for striking this language from this bill?

Mr. EDMONDS. I do not know. The gentleman who offered the amendment just made a speech; but I can not find any reason for it at all.

Mr. FESS. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. FESS. Is it not the practice of some vessels running from South America to North America to go to Liverpool first and then come on home?

Mr. EDMONDS. One of the most profitable pieces of ocean business that has been known in modern times is what is known as the triangle trip from England, carrying coal to South America, then carrying South American products to North America, and carrying wheat from North America to England. That is a most prosperous business. If this amendment goes through, if one of our ships does any business like that, it will be prohibited from getting the benefits of this compensation.

Mr. CONNALLY of Texas. I understand the gentleman's bill requires them to come back at least once a year to get the subsidy. Is that right?

Mr. EDMONDS. I do not want to answer any foolish questions. There is no doubt that they will get the subsidy, whether they come back once a year or not, if they comply with the law.

Mr. HARDY of Texas. They have got to come back here to get it.

Mr. SEARS. Mr. Chairman, I move to strike out the last word. My good friend and colleague from Pennsylvania [Mr. EDMONDS] seems to take a great deal of delight in congratulating us on the Democratic side upon our consistency. Let me call his attention to the fact that the President last Tuesday week appeared before this body and in his statement I find the following:

The committee has given the question a full and painstaking inquiry and study, and I hope that its favorable report speedily will be given the force of law.

Therefore the President indorsed the bill as a whole and hoped that Congress would enact it into law speedily. Yet we find my good friend from Pennsylvania [Mr. EDMONDS], the chairman of the committee, offering amendments to the bill, and many, many amendments have been made to the bill, in fact, so many that I doubt if the President would recognize

the bill if he should again have the pleasure of reading it. This afternoon you have undertaken, as usual, to rush this legislation. We have found during the past two years the result of the mistakes made in rushing any legislation. We only rush legislation when we want to fool or deceive the people. Let me briefly call your attention to the fact that the President also said substantially:

Last February I called your attention to the shipping bill and expressed the hope that you would pass some bill giving some relief.

Last August the President permitted us to go home and make a campaign in order that we might try to retain our meal tickets. Last September, although according to the President's message we were losing \$4,000,000 per month on our ships, the President saw fit and deemed it proper to permit those Members of Congress who had survived the primaries to go home and again try to retain their meal tickets. You know the result!

On the 7th of November the people of America spoke, and many who had disregarded the sentiments of the people fell by the wayside, and it was not until after they had spoken that the President was fully awake to the situation which confronted him. He then called Congress in special session, and we now find the leaders on the Republican side moving to shut off all debate on nearly all of these important amendments, and by your votes you have made it possible for them to do so.

What is the result? You are forced to vote for or against an important amendment without any information at all. Certainly the people will not approve this method of legislation, and I fear many will find it out but too late.

Mr. BRIGGS. Will the gentleman yield?

Mr. SEARS. Certainly.

Mr. BRIGGS. What is the object of shutting off debate?

Mr. SEARS. The debate is being shut off because those in charge of the bill fear the light and do not want those in the cloakroom to become too well acquainted with what the bill contains. [Laughter.]

Mr. JOHNSON of Washington. The gentleman from Florida is not shut off from his debate, is he?

Mr. SEARS. No. I have listened to my good friend from Washington so much that when I take a few minutes of time I feel that I am trespassing on the wisdom of the gentleman from that wonderful State, which has shown so recently some inclination to go Democratic. [Laughter.] I do not care to take up more time of the House, but I say again, as I said nearly a year ago, if you continue this method of gag-rule legislation, if you continue to ignore the interests of the people, you will find when it is too late that the people are more alive now to important questions than ever before.

Mr. GOODYKOONTZ. Mr. Chairman, in the separate report filed by the minority members, signed by the gentleman from Tennessee [Mr. DAVIS], the gentleman from Texas [Mr. HARDY], the gentleman from Alabama [Mr. BANKHEAD], the gentleman from Virginia [Mr. BLAND], the gentleman from Texas [Mr. BRIGGS], I find on page 28 thereof the following illuminating but startling statement:

In conclusion we call attention to the following facts:
"1. Our Government-owned merchant tonnage cost the people about \$3,000,000,000. It is estimated that we will probably sell the ships for \$200,000,000. Consequently, the people will stand a loss by deflation of \$2,800,000,000."

The quotation I have just read is the mature finding of the Democratic members of the Committee on Merchant Marine that have had the bill under consideration. These gentlemen tell us that the ships can be sold—"probably sell" is the term they use—at only one-fifteenth of their cost price. In other words, that of every \$15 paid in by the people \$14 thereof has been wasted, squandered, and lost.

The inculpatory admission of the gentleman convicts the administration of Woodrow Wilson of one of the greatest political crimes of the ages. The finding of the minority constitutes an indictment against the officials of the Wilson administration that can not be avoided nor defended, for it is an admission by gentlemen of the very highest character and of the most influential standing in the Democratic Party.

War may be wasteful, but not even war can excuse or condone this wanton dissipation of the people's funds. Contemplate the situation! Three billions paid in and probably one-fifteenth of a billion to show for it.

Mr. BANKHEAD. Will the gentleman yield?

Mr. GOODYKOONTZ. With the greatest of pleasure.

Mr. BANKHEAD. The gentleman read section 5 of the merchant marine act of 1922, which gives plenary power to the Shipping Board to sell, give away, or otherwise dispose of these worthless vessels that the gentleman speaks of.

Mr. GOODYKOONTZ. Yes; but this Shipping Board has been cautious. Only on yesterday you were seeking to strike out the clause in the bill which undertook to give to the board power to sell the ships at private sale. I presume there is no market for the ships. Therefore, under existing law no opportunity to sell the ships at either public or private sale.

For a good while we have been trying to comfort ourselves with the thought that at least one good had come out of the war, namely, we would have a "great merchant marine." This delusion I fondly cherished until recently. I had, at times, certain misgivings and fears, but finally, when after long and patient hearing the minority members in a report to Congress conceded that our ships could not be sold for more than two hundred millions—one-fifteenth of the cost of the fleet—then the scales fell from my eyes. I now doubt if the vessels can be sold for even two hundred millions.

No wonder that we have radicals in the country; no wonder that socialism is gaining a foothold; no wonder that anarchy is gleaming and the red flag fluttering. But the blame should be put where it belongs.

The wooden ships have been sold at a price less than one-half of 1 cent on the dollar of cost. The concrete ships are no better, and ultimately will have to be towed out to sea and sunk at a place where their ungainly and bulky bulks will not obstruct navigation. Many of the ships built at Hog Island and at other yards will have to be dismantled.

When at Newport News on the occasion of the launching of the *West Virginia*, a great ironclad man-of-war being built under the supervision and direction of West Point and Annapolis architects and engineers, I was in conversation with the executive head of the organization having that vessel under construction. Attention was directed to the fact that in Hampton Roads there were perhaps a hundred vessels tied up and idle, but guarded at a very large governmental expense. The greater number of these vessels cost very large sums of money—from \$500,000 upward. The gentleman with whom I was conversing said, "Yes; they cost a great deal of money, but I would not accept them as a gift and be under obligations to operate them." I wanted to know his reason, and he replied that the vessels were badly planned; that there were not sufficient spaces for cargo or passengers; that they were burdened with heavy machinery; and that the cost of fuel would be prohibitory.

It has been charged, and I believe the allegation to be true, that a certain foreign nation never intended that America should have a merchant marine. Her influence is still abroad in the land.

The President in his message said that the Shipping Board had reduced the annual deficit in operating the fleet to fifty millions. Should we continue at that rate, at the end of four years the estimated value of the fleet will have vanished. The plan of the President to turn the vessels over to private owners and compel them to fly our flag and operate between certain ports, as, for example, between San Francisco and Australia, will only cost twenty millions a year, and is a good one.

The greatest cost in operating American ships is due to the La Follette Seaman's Act. This act increases the number of seamen—almost doubles the number—required on Japanese vessels, limits the hours of labor, and in large effect increases the pay. Yet we find Mr. Gompers and the Democratic leaders opposing this bill. Why? Have the Democratic leaders offered any constructive suggestion or plan? None at all. Opponents of the bill seem to be willing for the American merchant marine to break down and fall—willing to let the whole proposition go aglimmering.

Is it possible that America is incompetent to engage in commerce and seafaring. Shall the proposed merchant marine be as a mere firefly or will-o'-the-wisp? Is it a mere ignis fatuus that we have been following?

Opposition to the bill by the men whose party spent the money for the ships and three times as much per annum for their operation was born in a fierce desire to make political capital for their selfish partisan advantage at the next election.

It has been openly charged, and I confidently believe the charge to be true, that the Democratic Members of the House entered into a secret caucus and decided to oppose this bill as a party action. Their object, if attained, would have the effect of finishing the work set upon foot by their illustrious leader and patron saint, Woodrow Wilson, the man who kept us out of war. Zealous in this faith countless mothers had on bended knees thanked God for Wilson.

Wilson's influence is still alive in the land. There are those who still believe in the League of Nations and that we should have stood guardian for Turkey and for Armenia, the latter being the poorhouse of the world. Then there are the fellows who want to cancel the debts Europe owes us. Judge Clark,

friend of Newton D. Baker and appointee of Wilson, has resigned his position in order that he may carry on with his propaganda for debt cancellation.

Had we joined the league and been subjected to its decisions the debts would have been canceled by a flourish of the pen.

Have the people forgotten what happened when Wilson was President? Hog Island Shipyard and nitro powder works were only two examples of a thousand wild orgies of waste and rotteness. Of course, Mr. Wilson did not have time to look after business. He was a dreamer and saw visions. The dreams he dreamed and the visions he saw were of the nature of the delusions of the opium eater. Like unto Dead Sea fruit—pleasant to the eye but ashes to the taste.

Barring the circumstance of suffering and death of the boys who went to war, no greater tragedy has befallen the Nation than the wreck of the merchant marine. While President Harding is trying to salvage a part of the wreck, he finds every political enemy in the land resisting his efforts. What matters it to them that the starry flag is driven from the seas, that even the advantages of the seaman's act shall be lost to American sailors, that goods made by American labor can not have a market for lack of friendly ships to transport them to foreign markets, that the products of the farm, if produced, shall be left to rot or sold at a sacrifice, or else not produced at all? In the eyes of the political enemies of President Harding such calamitous results are as nothing compared to the spoils they enjoyed during Mr. Wilson's past administration, and what they would hope to enjoy should Wilson be returned again to power.

The Soviets of Russia have made grafting a capital crime. Recently they executed 11 men for stealing from the Government. If such a law as this had been on our statute books and enforced during the last administration, the graves of American soldiers would have been exceeded in number only by the graves of the criminals who pilfered the people's money in the building of ships, airplanes, and the like.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. MONDELL. Mr. Chairman, I move that all debate on this section and amendments thereto be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

OWNERSHIP OF VESSELS BY CITIZENS OF THE UNITED STATES.

SEC. 409. (a) Compensation shall be paid in respect to any vessel only for mileage covered while the vessel is owned by a person a citizen of the United States.

(b) Compensation earned after three years from the enactment of this act shall not be paid to any vessel owner unless, at all times during the period over which such compensation was earned, at least 75 per cent of (1) the total gross tonnage of all vessels (other than those documented for the coastwise trade only and other than those operating on the Great Lakes or adjacent or connecting waterways upon voyages neither beginning nor terminating east of Quebec, Canada), which are owned or chartered by such vessel owner, or for which such owner acts as agent, plus (2) the total gross tonnage of all such vessels owned or chartered by any person affiliated with such vessel owner, or for which such affiliated person acts as agent, is comprised of vessels registered under the laws of the United States.

(c) For the purpose of subdivision (b)—

(1) Two or more corporations or associations shall be held to be affiliated if one corporation or association owns directly, or controls through closely affiliated interests or by a nominee or nominees, 50 per cent or more of the outstanding voting stock or voting power of the other, and owns directly, or through closely affiliated interests or by a nominee or nominees, 80 per cent or more of all the outstanding stock or interest in the other; or if 50 per cent or more of the outstanding voting stock or voting power of two or more corporations or associations is owned directly, or controlled through closely affiliated interests or by a nominee or nominees, by the same interests, and 80 per cent or more of all the outstanding stock or interest in such corporations or associations is owned directly, or through closely affiliated interests or by a nominee or nominees, by the same interests.

(2) An individual or partnership shall be held to be affiliated with a corporation or association if 50 per cent or more of the outstanding voting stock or voting power of such corporation or association is owned directly, or controlled through closely affiliated interests or by a nominee or nominees, by the individual or partnership, and 80 per cent or more of all the outstanding stock or interest in the corporation or association is owned directly, or through closely affiliated interests or by a nominee or nominees, by the individual or partnership.

(d) The board may suspend from time to time the provisions of subdivision (b) in respect to a power-driven vessel of a particular type or kind, which any person desires to own or charter, if, in the opinion of the board, vessels of such type or kind registered, or enrolled and licensed, under the laws of the United States are not reasonably available for the purposes desired. Any vessel in respect to which such suspension is made shall not be counted in computing gross tonnage for the purposes of subdivision (b).

Mr. BRIGGS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 36, strike out all of lines 4 to 25, inclusive, and also lines 1 to 4, inclusive, on page 37.

Mr. BRIGGS. Mr. Chairman, this amendment would strike out the definition of affiliated interests which confines it to 50 per cent or more of the stock.

Yesterday I offered an amendment with reference to the term "affiliated" in another part of the bill, contending, as I contend now, that the question of whether or not one organization is affiliated with another ought to be left to the determination as a question of fact and not be so defined that these corporations can easily get from under the limitation proposed by the bill through a definition which comes to the rescue. The Federal Trade Commission has utterly condemned any such practice as defining the term "affiliation" as only including ownership of 50 per cent or more or any other fixed percentage. They have pointed out that the Standard Oil Co. of Indiana controls the organization in Wyoming with only 30 or 40 per cent ownership, while Mr. Gould controlled the Missouri Pacific with only 23 per cent of that stock.

This bill proposes to give the greatest subsidy, both in cash and in tax exemptions, that the world has ever known. The proponents of it talk about taking the Government out of the business of operating ships and relieving the Government of the losses which are being sustained now through their operation. Why, my colleagues, you are just putting the Government into business. Instead of giving the board a chance, with the revival of trade, to cut down its losses, as Mr. Lasker said he could do with a slight upturn in trade, and that that was expected within the next two years, you exchange for that chance the certainty of fixing on the backs of the people for 10 years—the President put it 25 years in his message—and I think perpetually, from \$500,000,000 to \$1,000,000,000 taxes, and you call that relieving the people of Government expense. Mr. Chairman, I ask for the adoption of this amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. KIRKPATRICK. Mr. Chairman, I move that all debate upon this section and all amendments thereto be now closed.

The motion was agreed to.

The Clerk read as follows:

INCREASE AND DECREASE OF COMPENSATION.

SEC. 410. (a) Whenever the board determines that in order to promote the welfare of the United States, the operation of vessels in any particular service, or of any particular type and kind, is desirable and necessary, and that the rate of compensation authorized under section 404 is insufficient to induce the operation of vessels in such service, or of such type and kind, the board in making the contract for compensation may provide therein for the increase of the rate of compensation authorized in respect to such vessel under said section, to such an extent as it deems necessary to procure the establishment and maintenance of such service and the operation of vessels in such service, or the operation of vessels of such type and kind; but the rate of compensation as so increased shall not exceed twice the rate authorized by said section. As used in this subdivision and in section 411 the term "service" includes the route on which the vessel operates, the frequency of sailings, and the speed which she maintains.

(b) Whenever the board determines that the rate of compensation authorized under section 404 is excessive under the special circumstances of any particular case, it shall, in making the contract for compensation, provide therein for the decrease of the rate of compensation to such an extent as it deems advisable.

(c) After the making of the contract of compensation the board may, with the consent of the other party thereto, decrease or, within the limit provided by subdivision (a), increase, the rate of compensation to be paid.

(d) No increase or decrease shall be made under the provisions of this section unless such increase or decrease is specifically authorized by the board upon the affirmative vote of not less than five members, and unless such vote and a full statement of the reasons for the increase or decrease are spread upon the minutes of the board.

Mr. BANKHEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BANKHEAD: Strike out paragraph (a) of section 410.

Mr. BANKHEAD. Mr. Chairman, it seems to me if there is any provision in this bill which should legitimately challenge the attention, even of the proponents of the proposition, it is included in the provisions of paragraph (a) of this section. There are a great many gentlemen on this floor who have grave doubts as to the propriety of giving a direct subsidy to any private enterprise, and there are gentlemen here who have doubts as to the wisdom of setting the precedent of paying, in effect, out of the Treasury of the United States private shipowners the amount fixed in the schedules of the bill as now presented, but it seems to me that when the Shipping Board, who are the proponents of this proposition, bring in a bill not only authorizing the payment of these tremendous subsidies to the operators of these ships, but going further than that and deliberately giving to the unrestrained discretion of these members of the Shipping Board the right to absolutely double the amount of this compensation, they have certainly gone beyond the reasonable

limits of the exercise of discretion. Not only that, but they are extremely anxious to see that there shall be no restraint upon the exercise of this power if they can get it, and if you will turn to page 47 of the bill you will find in section 418 that the determination of the board as to the amount of compensation to which any person is entitled under the provisions of that title shall not be subject to review by the general accounting office, and so forth. What will be the practical effect of this discretion, the possibilities of its exercise, if this power is left in the hands of the Shipping Board? I do not know who is going to constitute the Shipping Board in the years to come under the operation of this bill. It is not necessary to make any criticism of the present personnel of the board, and it is not our purpose to do that, but under the plain language of this bill it actually gives them the opportunity and the privilege and the power without review by anybody, Congress or any other reviewing authority, to restore this additional 100 per cent gratuity upon these private operators.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. HARDY of Texas. If this law goes into effect with this provision, giving the absolute authority to increase this pay to double the amount prescribed by the bill, will there not be great inducement for great interests to seek to select the members of the Shipping Board?

Mr. BANKHEAD. Absolutely; there can be no question about that proposition. There are certainly enough bestowals of power upon the Shipping Board outside of this provision in this bill that might be legitimately criticized, but for the life of me I can not see how any gentleman, even on that side or on this side of the aisle, is willing to go to the extent of deliberately declaring by permitting the provision to remain in the bill a willingness to bestow such power upon a small number of men. Their judgment may be fallible.

Improper influences might be brought to bear upon them in the presentation of the fact, even though they were as honest as could be. If this power is not restrained, if it be not limited, it gives to this handful of men the opportunity to take out of the Treasury of the United States from thirty to fifty million dollars a year additional bonus or subsidy to be conferred upon these shipowners.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. NEWTON of Minnesota. Do I understand from this provision that the board could allow additional compensation to one line and deny it to another?

Mr. BANKHEAD. Absolutely.

Mr. NEWTON of Minnesota. With no provision for review in any way whatsoever?

Mr. BANKHEAD. Absolutely none. I do not think that that will be denied.

Mr. MOORE of Virginia. Would not this provision put the board at the mercy of the shipping interests acting in concert, who would contend their inability to get along without doubling the compensation?

Mr. BANKHEAD. I do not see how that criticism can be successfully denied.

Mr. BRIGGS. Did not the director of research of the Shipping Board testify that the cash subsidy, which he estimated annually at \$32,000,000, would amount to \$64,000,000 a year under this provision, if they exercised the power to the extent of 100 per cent?

Mr. BANKHEAD. That is disclosed by the Record.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. KIRKPATRICK. Mr. Chairman, the gentleman from Alabama [Mr. BANKHEAD] has insisted upon the unlimited power of the Shipping Board in this case. I call the attention of the committee to subsection (d) of this same section of the bill, which provides that no increase or decrease under the provisions of this section shall be made unless such increase or decrease is specifically authorized by the board upon the affirmative vote of not less than five members, and unless such vote and a full statement of the reasons are spread upon the minutes of the board.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. KIRKPATRICK. Just let me make my statement first. The reasons for this provision permitting the increase of subsidies under certain circumstances are these: In the first place, there may be certain routes that are important and valuable which must be built up, which can not make money at the present time without additional subsidies. Such a line is the line now running from San Francisco to Australia, stopping at

our naval base at Samoa and at Honolulu. That route under present conditions can not make money. It may in the future, but it is not now profitable under the basic subsidy, and this fact is perfectly evident from the records of the company. If we are going to keep that route going we have to give some additional inducement.

In the second place, it may be necessary, important, and valuable to our Navy to develop certain types of ships. For instance, a liner making 28 to 30 knots an hour may be a most valuable ship in time of war as a scout cruiser. It is a ship that can not be operated under any conditions at a profit in time of peace. You can not make money on that kind of a boat. The Shipping Board, to encourage the building of a few of that particular type of ship, might allow the owners an additional subsidy under this provision.

And again, on certain specified particular routes or services we might meet subsidized foreign competition, which subsidy might be increased in order to drive our shipping out of that particular route or particular service. Under this section the Shipping Board may meet this increase, under the limitations which are provided for in the last section, by a corresponding increase.

Now, let me call the attention of the committee to one more thing. The subsidy provided in this bill, the basic subsidy, does not nearly meet the differential in the operating cost between our ships and those of our nearest competitor, Great Britain. I do not believe it will more than meet that if it were doubled, and, as a matter of fact, it does not meet it to-day. Now, I yield to the gentleman from Alabama.

Mr. BANKHEAD. Under the statement which the gentleman just made, of course, in all human probability the board is going to have to exercise its discretion, and it will certainly increase or double the amount of subsidy authorized by this bill, because the gentleman says this subsidy in his opinion will not be sufficient.

Mr. KIRKPATRICK. I said that the basic subsidy would not make up the differential. In addition to the direct subsidy we have the indirect aids, the growth of our trade, and all the other elements that enter into the successful development of a merchant marine.

Mr. BANKHEAD. Under this bill, under the restrictions referred to, five members of the Shipping Board can absolutely double the amount of subsidy to be given to each operator under this bill.

Mr. KIRKPATRICK. They have that power, but I do not think there is the slightest possibility of exercising it except in a case of some specific condition such as I referred to.

Mr. BANKHEAD. But they have the power?

Mr. KIRKPATRICK. Yes; but they must put their reasons before the public, and there must be a concurrence of five members of that board.

Mr. EDMONDS. Mr. Chairman, I would like to get a little time on the amendment, and I move to strike out the last word. It is rather amazing to me to hear gentlemen in opposition to the bill criticize the Shipping Board. During my time in the House the Shipping Board has received not millions of dollars but billions of dollars, and no restrictions were placed upon the expenditure of it. But gentlemen now find great fault that within the limitation of the appropriations of this Congress the Shipping Board should have a little leeway to raise the rates of subsidy, subvention, or compensation, or whatever you may want to call it, where it is found necessary to provide services. I can not understand their position. We are trying to build up the merchant marine. We have been doing our best to produce a bill which will do it. There ought to be some elasticity. The reason your Government is not successful in the operation of ships is because it has no elasticity. If you could have elasticity the board could operate these ships as the ordinary private operator. But they do not. You restrict, hamper, and hamstring them so they can not operate the ships except in a most expensive manner. What are you trying to do? You take the line to Australia, which only six months ago was going to go out of business, and would have but for a section of the Jones bill in connection with the Post Office contract. They could not make money. Now, in this section we give a chance for the board, if in its discretion it concludes it is the proper thing to do, to give a little more aid to these boats, and without their coming to Congress. But remember, gentlemen, they have only so much money to use, anyhow, and they can not in any way exceed the appropriation. Further than that, they have to make an accounting every year of their expenditures.

I would be perfectly willing, as far as I am concerned, to go a little further. In the bill the board have to file their statement and five members have to vote for this increase or

decrease. As I say, I will go a little further. I will agree with the gentlemen of the minority to a provision that such increase or decrease be approved by the President of the United States. If you feel that the Shipping Board should not have that authority, I will agree to that.

Mr. DAVIS of Tennessee. Does the gentleman from Pennsylvania think that the President in any instance is going into the merits of the proposition? Does not the gentleman think that he would simply accept the statement of the Shipping Board and approve it?

Mr. EDMONDS. He would be probably as honest as any Democratic President ever was.

Mr. DAVIS of Tennessee. Does the gentleman think the President of either party could attend to all these details? It would be physically impossible.

Mr. EDMONDS. I think the gentleman realizes the fact that there are not going to be so many details of increases and decreases that the President can not attend to it.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. McDUFFIE. Does not the gentleman think it is going to be absolutely necessary to increase the compensation for the tramp service, that carries the bulk of the commerce of the Nation?

Mr. EDMONDS. The gentleman, being opposed to the bill, would rather see them swallowed up by the sea altogether, would he not? I think the tramp service will be able to get along with what we give them in the bill.

Mr. McDUFFIE. I do not think so.

Mr. CONNALLY of Texas. Mr. Chairman, I wish to speak in opposition to the pending amendment.

The CHAIRMAN. The gentleman from Texas is recognized in opposition to the pending amendment.

Mr. CONNALLY of Texas. Mr. Chairman, most of the law books define "larceny" as depriving another of his property without his consent or his knowledge. This whole bill is a piece of legislative larceny. [Laughter.]

In the first place, the Republican House is going to deprive the people of the United States of quite a sum of money, and the fact that you are ramming this bill through now before the 4th of March is evidence of the fact that you know it is against the consent of the people of the United States, because you know they do not want it, and you know that if you should wait until after the 4th of next March it would be impossible to pass this bill.

I want to call the attention of the committee, however, to page 38, section (c), which reads as follows:

(c) After the making of the contract of compensation the board may, with the consent of the other party thereto, decrease or, within the limit provided by subdivision (a), increase, the rate of compensation to be paid.

Note the language. Gentlemen of the committee, what do you want a contract for? Why go through all the mummery and the mockery of writing provisions in this bill to the effect that the Shipping Board is to execute contracts with the shipowners and ship companies as to the terms under which ships shall be operated, and then in the next clause provide that the board may raise the rate of compensation if it desires to do so, but that, of course, it must have the consent of the operators to decrease it. Which it will never get.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. GARRETT of Tennessee. You will notice also that it requires the consent of the operator to increase it. [Laughter.]

Mr. CONNALLY of Texas. Oh, no; and I will tell the gentleman why it does not require the consent of the operator to increase the compensation. It is because under the terms of this bill gentlemen on the Republican side are so determined to give the shipowners all the money they can prize out of the Treasury that they will give it to them whether they consent or not. [Laughter.]

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. BEGG. How much of that money comes from Texas? Regardless of what the amount is, how much of it comes from Texas? Not enough to buy a cheap cigar! [Laughter.]

Mr. CONNALLY of Texas. All right. We have to smoke cheap cigars down in Texas, because we are taxed so heavily under the Republican tariff and revenue laws. [Laughter.]

Mr. BEGG. Tell us where it is coming from. It is not coming from Texas or Alabama or Tennessee.

Mr. CONNALLY of Texas. I do not know the exact or direct amount. But I will answer the gentleman's question. The gentleman from Ohio is one type of partisan, one type of

legislator, who has got the dollars that he thinks his constituents are going to get out of this bill so close up to his eyes that he can not see all the great millions of people in the United States who, although they may not pay it directly out of their pockets into the Treasury, yet pay every time they buy a suit of clothes, or eat a mouthful of food, or ship a pound of their produce to Europe, or buy a tariff-taxed article, a part of the burdens which the Republican Party imposes on the people of the United States by its tariffs and subsidies the fruits of which it is taking and handing out in concrete form to the beneficiaries of that policy of greed. The gentleman from Ohio is of that type of statesmen who believe that unto the man who hath there shall be added that which belongs to some one else, and that as to the man who hath not, even that which he hath not shall be taken away. [Laughter.] The gentleman from Ohio believes that a very great shipping concern like the Standard Oil Co., that transports in its tankers from the fields of Mexico millions and millions of dollars' worth of oil every year, ought to be entitled to a subsidy for carrying its own oil, and that the poor farmer down in Texas or Ohio or Kansas, who has been taxed by this robber tariff and by Federal taxation until he can not pay the expenses of producing what the gentleman's friends in Ohio would buy from him at starvation prices, should be taxed to pay that bonus to the Standard Oil Co. That is the kind of statesman the gentleman from Ohio is. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CHINDBLOM. Mr. Chairman, I move that the debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Illinois moves that all debate on this section and all amendments thereto be now closed. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. All debate is closed. The question is on agreeing to the amendment offered by the gentleman from Alabama.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent to have the amendment read.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that the amendment be again reported. Is there objection?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Strike out paragraph (a) of section 410.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. BANKHEAD. Mr. Chairman, I ask for a division.

The CHAIRMAN. The gentleman from Alabama asks for a division.

The committee divided; and there were—ayes 43, noes 70.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. MOORE of Virginia. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Virginia: Page 38, line 24, after the period, add the following: "Provided, That any compensation contract made under this act shall be subject to the repeal or amendment of the act by the Sixty-eighth Congress or any subsequent Congress."

The CHAIRMAN. The question is on agreeing to the amendment.

The question being taken, the amendment was rejected.

Mr. MOORE of Virginia. Mr. Chairman, I ask that I may be allowed half a minute to make a statement on behalf of my colleague, the gentleman from Virginia [Mr. TUCKER], who is absent on account of illness. He wishes me to state that if he were present he would move to strike out section 410; and he asks permission to extend his remarks on that portion of the bill or any other portion of the bill which he may wish to discuss.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. MOORE]?

There was no objection.

Mr. DAVIS of Tennessee. Mr. Chairman, in the absence of the gentleman from Virginia [Mr. TUCKER], I move to strike out section 410, which would permit the increase or decrease of compensation by the Shipping Board.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. DAVIS of Tennessee: Page 37, line 15, strike out section 410.

The CHAIRMAN. The question is on agreeing to the amendment.

The question being taken, the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Page 38, strike out in line 16, after the word "may," the words "with the consent of the other party thereto."

The CHAIRMAN. The question is on agreeing to the amendment.

The question being taken, the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

REQUISITION OF COMPENSATED VESSELS.

SEC. 412. Any vessel in respect to which a contract for compensation is made may, at any time during the period for which the contract is made, be taken and purchased or used by the United States for national defense or during any national emergency declared by proclamation of the President. In such event the owner shall be paid the fair actual value of the vessel at the time of taking, or paid fair compensation for her use based upon such fair actual value; but in neither case shall such fair actual value be enhanced by the causes necessitating the taking. In the case of a vessel taken and used, but not purchased, the vessel shall be restored to the owner in a condition at least as good as when taken, less reasonable wear and tear, or the owner shall be paid an amount for reconditioning sufficient to place the vessel in such condition. The owner shall not be paid for any consequential damages arising from such taking and purchase or use. If there is a disagreement between the United States and the owner of the vessel as to the fair actual value, fair compensation, or amount for reconditioning, such value, compensation, or amount shall be determined by arbitration, one of the arbitrators to be selected by the President, one by the owner of the vessel, and the third by the two thus selected, or, if they can not agree, by the Chief Justice of the United States.

Mr. DAVIS of Tennessee. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 40, line 1, after the word "taking," insert "which shall be construed to be the original cost to the owner of the vessel plus betterments and minus 5 per cent annual depreciation."

Mr. DAVIS of Tennessee. Mr. Chairman, one of the claims made in behalf of this bill is the national-defense feature, in order that we may have the ships for use in the event of future wars. Now, this amendment which I propose simply fixes the method by which the price may be determined, which is that if the Government takes over a ship it shall pay the cost price to the purchaser plus betterments, less 5 per cent annual depreciation, which is generally agreed to be a fair figure for depreciation.

Now, why is this important? Simply because unless something of this kind is fixed, if we get into another war the Government will have to do what was done during the last war. It will have to pay war prices, because during the last war this Government and others had to pay several times as much as the ship was worth before the war. They had to pay enormous prices for the use of ships; and as a matter of fact the Government paid considerably more than \$200,000,000 for the charter hire alone of the vessels which they took for use, and that did not take into consideration the cost of operation. In other words, the amount paid for the ships that were simply taken for use amounted to more than it is expected to get for the entire Government fleet.

As I said yesterday, during the war shipowners ran up freight rates on the Government over 1,200 per cent. They ran up the price of tonnage in proportion. Now, if we are to sell these ships to the shipowners at a small percentage of their pre-war price or of what they can ever be built for again, if we are to exempt them from taxes, if we are to pay them these subsidies, if we are to give them the other benefits of the bill, then is it unreasonable to ask that there be embodied in the compensation contract a provision that if we ever get into war and if the Government must buy these ships it shall pay the cost price to the favored purchaser plus betterments and less depreciation?

It is simply a provision to prevent profiteering upon the Government because of war conditions and because of the high prices which result from war. And the same thing with regard to the use of the ships. It is later provided that if the Government uses the ships instead of purchasing them the charter price shall be based upon such fair value, and that would follow my amendment and apply to it also. I want to know what objection any representative of the people can have to this simple, fair provision for the protection of the public interest in time of war.

Mr. SEARS. The principal argument was that we had to do this in order that we could get vessels in case of war?

Mr. DAVIS of Tennessee. Yes.

Mr. SEARS. The gentleman's contention, which I think is correct, is that unless this provision is adopted we will not have vessels in case of war unless we pay enormous prices again, like we did during the last war.

Mr. DAVIS of Tennessee. We will not, because the bill, as it now reads, says that they shall be paid "the fair actual value of the vessel at the time of taking," which would be in the midst of war, because the Government will not want to take the vessels unless we are at war and need the vessels for war purposes. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. EDMONDS. Mr. Chairman, the amendment offered by the gentleman from Tennessee [Mr. DAVIS] wants us to take the ships in time of war at the original cost to the vessel owner plus betterments and minus 5 per cent annual depreciation. I should like to suggest that the Atlantic Fruit Co., which paid \$200 a ton and a little over to the Shipping Board would be very glad to see that provision in the bill, because if the Government should take their ships they could get \$200 a ton. That is what the gentleman's amendment says, if you wish to vote for it. As a matter of fact, here is what the situation was: We were confronted with a situation where men had bought high-priced ships. If we said just exactly what the gentleman wants to say in the bill, and what his amendment says, if we had said that we would have placed upon the Government, if we should have a war within two or three or four years, the taking back of these ships at the enormous prices paid for those ships by these men.

Mr. DAVIS of Tennessee. Mr. Raymond, president of the American Steamship Owners' Association, said at the hearing that there were no ships bought at that price now in operation, that they had gone out of commission.

Mr. EDMONDS. I do not care what Mr. Raymond said. The Atlantic Fruit Co. is in operation and has some ships that it bought from the Government at high prices, and there are other ships, too. If I were over in my office I could give you the names of a dozen lines that have paid high prices—some Philadelphia lines.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. HARDY of Texas. Does not the gentleman know that 90 per cent of the ships will be ships bought at post-war prices?

Mr. EDMONDS. That may be true, but what we did was this: We said that the people would be paid the fair actual value of the vessel at the time of the taking, and in neither case should the fair actual value be increased by the cause necessitating the taking. The gentleman made the statement that if there was war there would be a greatly enhanced price. We have taken care of it in the bill so that a man will only be paid its fair value. It would be foolish for us to pass the amendment offered by the gentleman from Tennessee, because if we had a war within the next five years we might have to take ships that were bought for \$200 or \$250 a ton during the war. Nothing would please these owners any more than a provision of that kind. They probably are not worth now \$100 a ton. We studied this at all angles and decided that the best we could do was to put in a provision in order to protect the Government from just such a condition as the gentleman's amendment would bring about.

Mr. CHINDBLOM. Will the gentleman allow me a suggestion?

Mr. EDMONDS. Certainly.

Mr. CHINDBLOM. And, as a matter of fact, we have safeguarded it by providing that the fair value shall not be enhanced by the cause that necessitates the taking.

Mr. EDMONDS. Yes; I have just alluded to that. When the war started we paid \$57,000,000 to the British Government for the transportation of troops. We paid \$70,000,000 to the Cunard Line for requisitioned vessels that we took over because we did not have the wisdom to order them ourselves.

Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

Mr. HARDY of Texas. Mr. Chairman, I wish the gentleman would not make that motion. I would like to have five minutes.

Mr. EDMONDS. Very well, Mr. Chairman, I move that all debate close in five minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Pennsylvania.

The question was taken, and the motion was agreed to.

Mr. HARDY of Texas. Mr. Chairman, in answer to the argument of the gentleman from Pennsylvania, let me make

this plain, clear, and true statement to Members on both sides. It is admitted that there may be one or two companies who have bought a few ships during the war at high prices which they have not subsequently sold. Some have turned them back to the Government. Over 90 per cent of the existing tonnage of the United States to-day is still in the hands of the Shipping Board, and it is expected that they will be sold at \$20 or \$30 a ton. Under this bill the purchaser from the Shipping Board of these ships may buy them and run them under a subsidy for 10 years, and at the end of that 10 years, if we get into another war and go to requisition the ships, you will find that the market value of those ships has been increased 200 or 300 per cent. They will be requisitioned and paid for by the Government, not at \$20 or \$30 a ton, but under this bill at \$100 or more a ton. We did it in the Spanish War, we did it in the last war. This bill proposes that the Government shall have the right to take the ships and pay the market price at the time of taking. That is the provision of the bill, and the rest of the section is camouflage and useless. It is a recognition of the right of the subsidized vessels to charge the Government war prices for these ships, if we ever have to take them. Certainly they will do it. If you want to give these ships away and then 10 or 20 years later pay the top price after they have been subsidized for that length of time, pay the war prices, then reject the amendment offered by the gentleman from Tennessee. If you want to pay what they cost, after allowing for a depreciation of 5 per cent per annum, and pay for any betterments that they put on, if you want to give them what they are entitled to, accept this amendment. I believe in calmer moments when you will not seek to reject this amendment just because it comes from this side, you will say that this amendment is just. We tried to get it in in committee, and you ought to adopt it in the Committee of the Whole. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. DAVIS of Tennessee) there were 37 ayes and 60 noes.

So the amendment was rejected.

The Clerk read as follows:

REPAYMENT OF COMPENSATION.

SEC. 416. (a) When used in this section the terms "taxable year," "gross income," "net income," and "invested capital" shall have the same meaning as when used in the revenue act of 1921.

(b) The owner of a vessel or vessels who has made a contract with the board for compensation in respect thereto shall pay to the United States 50 per cent of the amount by which his net income for the taxable year, attributable to the operations of such vessels, exceeds 10 per cent of his invested capital for such year attributable to such vessels; but in no case shall the amount so to be paid exceed the amount of compensation earned in respect to such vessels during the taxable year under a contract made under this title by the owner.

(c) In computing the gross income attributable to the operations of the vessels there shall be included the amount of compensation earned under this title in respect to the vessels during the taxable year. In computing the net income attributable to the operations of the vessels there shall be deducted from gross income a reasonable amount, determined by the board and certified by it to the Commissioner of Internal Revenue, as representing the fair value of the products, services, or facilities furnished by the owner of the vessels in connection with the operations of the vessels. There shall not be allowed as a deduction in computing the net income attributable to the operations of the vessels the deduction provided in section 265 of the revenue act of 1921 as amended by this act.

(d) If the owner of the vessels uses them in whole or in part for the transportation of his own property, his gross income attributable to the operations of the vessels in transporting such property shall be considered to be such amount as is determined by the board and certified by it to the Commissioner of Internal Revenue as representing the fair value of the services performed by the vessels in transporting such property.

(e) If the owner of the vessels is an individual, a partnership, or an estate or trust, the invested capital shall be determined under rules and regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, so as to equal, as nearly as may be practicable, the invested capital that would be allowable to such owner if a corporation.

(f) For the purpose of making an accurate distribution or apportionment of profits, income, deductions, or invested capital, in computing net income and invested capital for the taxable year, among two or more trades or businesses (whether incorporated or unincorporated, or whether or not organized or created in the United States) controlled directly or indirectly by the same interests, the Commissioner of Internal Revenue may consolidate the accounts of such trades or businesses in any of the following cases:

(1) If the person conducting one of such trades or businesses in dealing with the person conducting another, bought from or sold to the other person during the taxable year products, services or facilities at prices above or below the current market price, thus effecting an artificial distribution of profits;

(2) If one such person in any way so arranged his financial relations with another such person during the taxable year as to assign to either a disproportionate share of net income or invested capital; or

(3) Where for any reason it appears to the Commissioner of Internal Revenue that the net income or invested capital attributable to the vessels as shown by the return of the owner does not fairly reflect the actual or true net income or invested capital of the owner.

(g) Every person liable for the payment provided for in subdivision (b) shall make, at the time and in the manner provided by law for

making his income-tax return, a return, in such form as may be prescribed by the Commissioner of Internal Revenue, stating his net income attributable to the operations of the vessels, his invested capital attributable to the vessels, and any other information relating to the determination of the amount payable under this section, which may be required by the commissioner. A copy of such return, together with all schedules and data submitted therewith, shall be transmitted to the board at the same time that the return is filed.

(h) The entire amount for which the owner of the vessels is liable under this section shall be due and payable at the same time and in the same manner, and shall be collected in the same manner, as the first installment of income tax imposed by law.

(i) For the purposes of this section the amount of compensation earned in respect to the vessels during the taxable year shall be determined by the board and certified by it to the Commissioner of Internal Revenue.

(j) Amounts paid under this section shall be covered into the Treasury to the credit of the merchant marine fund created by section 402. Any refunds due on account of overpayment shall be paid out of such fund on vouchers approved by the Commissioner of Internal Revenue and countersigned by the chairman of the board.

(k) The provisions of Titles I, II, III, and XIII of the revenue act of 1921, including penal and other provisions relating to the assessment, collection, remission, or refunding of income and excess-profits taxes imposed by act of Congress, and the provisions of any other internal revenue law of the United States relating to the assessment, collection, remission, or refunding of such taxes, shall, so far as practicable, extend and be applicable to the determination, collection, remission, or refunding of the payments provided for in this section.

(l) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make rules and regulations for the enforcement of the provisions of this section, and shall have charge of the administration of this section.

Mr. BRIGGS. Mr. Chairman, I offer the following amendment:

The Clerk read as follows:

On page 42 strike out lines 9 to 12, inclusive, and insert the following:

"Provided, That any compensation received by such owner from the Government for prior years under a contract made under this title shall also be repaid out of the remainder of the net income exceeding 10 per cent of the invested capital for any year during the life of such contract."

Mr. BRIGGS. Mr. Chairman, it has been contended all along apparently by the proponents of the subsidy that where shipping organizations earn more than 10 per cent on the investment they would return to the Government the subsidy they had received. But this bill does not so provide. This bill expressly limits that return to the subsidy received in one year where the earnings exceed 10 per cent. In other words, some shipping concern, some syndicate, taking over these ships might not earn more than 10 per cent for seven years of its existence, but in the eighth year might earn 50 or 100 per cent. And it would not pay back to the Government one dollar of the subsidy received except during the eighth year. My amendment provides that when they have received the subsidy from the Government for several years and they earn more than 10 per cent, that not only the subsidy of that year but the subsidy prior to that time shall be returned to the Government because it shows plainly that there is no longer any reason for their having that extra advantage.

All through this bill provision is made in every form for granting every possible aid. In fact, the chairman of the Shipping Board himself stated that if anybody knew of any indirect aid which had not been included in the bill he would like to have it mentioned, so that it might be included.

The Standard Oil Co. is still a beneficiary under the terms of the bill; the United States Steel Corporation is a beneficiary. They receive all of the indirect benefits of this law, all of the tax exemptions, all the extra depreciation allowances, and other rewards. They receive benefits on every commodity which they carry that is not their own, even though one or more, like the Standard Oil Trust, may be declaring stock dividends, the greatest ever known, up to 900 per cent, and additional 300 per cent dividends through its subsidiaries.

Mr. EDMONDS. Mr. Chairman, the gentleman's amendment shows how little study he has given to the subject. We will take the case of the Atlantic, Gulf & West Indies Steamship Co. From 1916 to 1921 they made an average of 8.52 per cent earnings on capital investment. In 1916 they made a percentage of 21.15, and we would have had a little over 50 per cent of subsidy returned in that year. In 1917 they made 19.97 per cent, and we would have had about 50 per cent of the subsidy returned in that year. In 1918 they made 3.80 per cent, which would have given us nothing. In 1919, 10.25 per cent, when we would have gotten a little bit of subsidy return. In 1920 they made 1.77 per cent, nothing, and in 1921 they lost 4.09 per cent. If you take the average of those five years they made 8.52 per cent, and we could have gotten nothing back in the way of subsidy return, where under the provisions of the bill we would have had something returned.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Not now. I have not the time.

Let us take the case of the Pacific Mail Co. In 1916 for eight months, they made 12.33 per cent, when we would have had a subsidy return; in 1917, 32.30 per cent, when we would have had a considerable return; in 1918, 19.15 per cent, still some return; and in 1919, 33.88 per cent; 1920, 19.87 per cent; and in 1921, 8.38 per cent.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Not now. Let us take the case of the International Mercantile Marine Co. In five years they made an average of 8.01 per cent, with no subsidy return in any one year. Now, take the United Fruit Co. and we find an average there of 16.38 per cent. During a couple of those years we would have gotten no return from our subsidy.

The figures to which I have referred will be published in to-morrow morning's Record, and gentlemen can study them and, if they desire, criticize them. They have been made by Mr. Craemer, assistant to the vice president in charge of finance, of the Shipping Board.

Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from Pennsylvania.

The motion was agreed to.

The CHAIRMAN. The question now is on agreeing to the amendment offered by the gentleman from Texas [Mr. Briggs].

The question was taken; and on a division (demanded by Mr. BRIGGS) there were—ayes 39, noes 66.

So the amendment was rejected.

The Clerk read as follows:

FINAL DETERMINATION OF AMOUNT OF COMPENSATION.

Sec. 418. The determination of the board as to the amount of compensation to which any person is entitled under the provisions of this title shall not be subject to review by the General Accounting Office.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 47, lines 7 to 11, strike out section 418.

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, this short section provides that the account or compensation paid to any shipowner under this law shall not be subject to review by the General Accounting Office. Why that was put in there I do not know. A little while ago I called up the General Accounting Office of the Treasury Department to ascertain if they knew of the existence of this particular section. The assistant solicitor of that department informed me that they knew nothing of it and asked to have it read. I read it to him, and he expressed great surprise that this was in the bill. I asked him if there were any other governmental accounts that he knew of that were not subject to review by the General Accounting Office, and he told me he knew of none. If this, then, is adopted and written into this law, it will be the first example of the kind, the first provision in any law of that kind. Why is it here. Anyone knows, I assume, that the General Accounting Office does not attempt to review an account as to anything except whether it comes within the letter of the law, whether it strictly complies with the legal requirements. The General Accounting Office ought to have that power. It is unwise and very dangerous for us to say to this board or any other board or to any official of the Government that any vouchers which it or he may issue will go through irrespective of whether they comply with the law or not. This provision says that any compensation paid, which means any sums to be paid, to any shipowner or line can not be subject to any jurisdiction of the General Accounting Office. They will not be able to look over it and decide whether it complies with the law. For some reason unknown to me this committee wants to write this into the law. I see no reason for its being in there. It is unsafe to leave it there.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. BLANTON. Since July, 1919, we have given the Shipping Board \$471,000,000 out of the Treasury in addition to their revolving fund, and upon investigation the gentleman will find that not a single auditor of this Government has ever yet audited the full accounts of the Shipping Board.

Mr. GRAHAM of Illinois. That may be; but I want to say one thing to the Republican side of the House. We lay ourselves open to suspicion when we write this into this bill. There must be some hidden reason for having it there, otherwise why do we depart from the policy that has been followed since the beginning of the Government?

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?
Mr. GRAHAM of Illinois. Yes.

Mr. BANKHEAD. The gentleman from Illinois has been very successful in arguing or bluffing his side of the House into accepting his amendments. I trust he will have the same success in respect to this.

Mr. GRAHAM of Illinois. Well, I hope those on the Republican side will listen to me, too. I want this to prevail. We ought to make this bill as good as we can, and there is no reason for this that I can see that has been offered yet.

Mr. LEHLBACH. Mr. Chairman, the reason this section was incorporated in the bill was not sinister or secret or based upon reasons which ought to invite suspicion, but it is a simple matter of common sense and practical administration. If the General Accounting Office were to review payments under the contracts which will be entered into under this bill it would necessitate the building up of an entirely new bureau in the General Accounting Office, duplicating the auditing system of the Shipping Board. Highly technical questions must have consideration in determining payments under these contracts, as to what constitute foreign trade, what is the relation between foreign companies and domestic shipping companies, a thousand and one questions which require experts to determine. But you can adopt this amendment if you want to duplicate the work of the auditing department of the Shipping Board and set up such an auditing system, employ experts, train your force to do this work over again in the General Accounting Office. It was not because anybody was trying to get away with something that this provision was put in here, but it was put in simply to avoid at a great expense the duplication of auditing work which will be done in the first instance under the Shipping Board. It is not a new proposition. This section was taken bodily from the soldiers' bonus bill which twice had the approval of this Chamber, because in the bonus law it would require a duplication of an elaborate and intricate auditing system. If this provision was carried in that bill, it is carried in this law for the same reason and no other.

Mr. FESS. Will the gentleman yield?

Mr. LEHLBACH. I will yield.

Mr. FESS. As a friend of the bill I am asking this question: Why is it we have an auditing department in the Shipping Board; why has it not been transferred?

Mr. LEHLBACH. Simply because of the intricate nature and the widespread and innumerable technical questions which are involved in making these audits and because the general auditing office has not the facilities, without creating new bureaus, to do this work. That is the simple reason. This would simply be a duplication of the work of the Shipping Board, the very thing we are trying to get away from in the executive departments.

Mr. FESS. Will the gentleman answer this question? Would not the transfer of the auditing department to the general auditing office simplify it?

Mr. LEHLBACH. We would have to do the auditing in the Shipping Board, anyhow, in order to determine the compensation that is due various vessels. We could not transfer that auditing department, because it is necessary in order to estimate what is due on the compensation contracts in the first place, so we will have to retain that auditing force in the Shipping Board anyhow, and build up a similar organization in the General Accounting Office to duplicate that work.

Mr. FESS. I am—

Mr. LEHLBACH. It means the employment of hundreds of clerks, guided by and under the supervision of trained experts.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. LEHLBACH. I will.

Mr. GRAHAM of Illinois. Is there any other department of the Government of which the gentleman knows that does not have its own accounting department as well as sending it through the General Accounting Office?

Mr. LEHLBACH. Except in the bonus bill.

Mr. GRAHAM of Illinois. Every department of the Government, so far as the gentleman knows, has its own accounting department and is subject to review by the General Accounting Office?

Mr. LEHLBACH. But it is not a departmental activity. It is quasi governmental activity. It is an arm of the Government in contractual relation with citizens of the Government and is not carrying on departmental work such as the various Departments of State, Agriculture, War and Navy, Interior, Post Office, and so forth.

Mr. GRAHAM of Illinois. But if this be done it will be the only branch of the Government that is not subject to this review?

Mr. LEHLBACH. In the bonus bill—

Mr. GRAHAM of Illinois. But the bonus bill has been passed.

Mr. LEHLBACH. Passed in this House.

Mr. MONDELL. And the gentleman voted for it.

Mr. GRAHAM of Illinois. And I will vote for it again.

Mr. DAVIS of Tennessee. Mr. Chairman, the gentleman who has just spoken is very much afraid there will be an increase of employees in the General Accounting Office, but he is not much afraid of this organization being established and maintained in the Shipping Board in order to perform its functions. It simply shows, as I have asserted before, that this bill provides for the performance of so many different functions in so many different ways by the Shipping Board that it will require a larger organization in the future under this bill than the present law requires. Now, I want to say to the gentleman from Illinois [Mr. GRAHAM] that the reason this provision is in here is because it is one of the numerous provisions contained in this bill to confer upon the Shipping Board and to preserve to them extraordinary and autocratic powers. It is one of the provisions inserted to prevent them from being watched, one which prevents a check. I want to know if these matters are more complicated, more complex, and important than the numerous decisions upon similar matters by the Interstate Commerce Commission which are subject to review by the General Accounting Office. It is the second instance in which this bill violates the provisions of the general Budget law; first, in regard to appropriations and the matter of determining that, and here in preventing a review of their decisions by the General Accounting Office.

Now, here is a provision in the general Budget law which it violates. Section 205 reads as follows:

Section 236 of the Revised Statutes is amended to read as follows:
SEC. 236. All claims and demands whatever by the Government of the United States, or against it, and all accounts whatever, in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office.

"All claims and demands whatever."

And yet an exception is to be made in favor of the Shipping Board.

Why? Because they are entitled to more confidence than anybody else? If so, this House has not shown that confidence heretofore. We have repeatedly refused to authorize the Shipping Board to employ a few officials at the prices that they wanted to pay them. We deprived them of that authority. They repeatedly asked for authority to spend certain sums without appropriations, and we refused to grant them that. And yet it is now proposed to pass a bill that confers infinitely greater powers and greater discretion, all through the bill, upon the Shipping Board than those which this House has already gone on record several times in refusing to grant to the Shipping Board.

This bill usurps power now exercised by the President and six Cabinet officers, and now this is inserted to usurp the power of the General Accounting Office and of the Budget Bureau. It invades the functions of all these different officials. And yet those powers and authorities and those opportunities which have been zealously sought by the Shipping Board, it seems, that many Members of the House are bent upon granting to them.

Mr. EDMONDS. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this section and all amendments thereto be now closed. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. All debate is closed. The question is on agreeing to the amendment of the gentleman from Illinois [Mr. GRAHAM].

The question was taken, and the Chairman announced that the "noes" seemed to have it.

Mr. GRAHAM of Illinois. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 52, noes 46.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE V.—ARMY AND NAVY TRANSPORTS.

SEC. 501. Whenever in the judgment of the President adequate transportation facilities to meet any or all of the needs of the Army, Navy, or Marine Corps are afforded by vessels registered or enrolled and licensed under the laws of the United States, he may direct the discontinuance in whole or in part of the transport service of either the Army or the Navy and transfer to the board or place out of commission any of the vessels now or hereafter engaged in either of such services. Whenever such disposition is made, the Secretary of War and the Secretary of the Navy, respectively, are authorized and directed to enter

into contracts with owners of vessels registered or enrolled and licensed under the laws of the United States for such transportation as may be required by the Army, the Navy, or the Marine Corps, respectively. Such contracts may be for a term of 10 years. The board shall furnish whatever assistance may be necessary in the making of such contracts. There is hereby authorized to be appropriated such sums as are necessary to meet the payments required under such contracts.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 47, line 12, strike out the Title V.

Mr. DAVIS of Tennessee. Mr. Chairman, although it is pretended that one purpose of this bill is national defense, yet this title under consideration proposes to do away with the Army and Navy transport services.

The origin of this system grew out of our experience in the Spanish-American War, and by reason of that experience President Taft recommended to a Republican Congress the provision establishing this service, and it was done, and it has been a part of the Army and Navy Establishments ever since.

Now, it served as a splendid nucleus during the war, and it would do so in the future, but because of the greediness of these private shipping interests who want to perform this service and charge the Government commercial rates this provision is inserted.

It was stated in the original study of the Shipping Board that there should be contained a provision that they would be permitted to charge the Government only a certain percentage of the commercial rates, and Chairman Lasker stated at the hearings that the bill ought to be amended in that respect, but it has not been amended in any such respect.

The gentleman from Pennsylvania [Mr. EDMONDS] last year introduced a separate bill to the same effect as this title, and we had hearings upon it before the Committee on the Merchant Marine and Fisheries. The War Department and the Navy Department sent representatives there, testifying against the bill. And not only that, but the gentleman from Pennsylvania addressed a letter to Secretary Weeks in regard to the matter, and Secretary Weeks made a reply in which he entered into a detailed discussion of the proposition, which will be found upon pages 2467-2469 of the hearings on this bill. That letter was written in October a year ago.

In that letter Secretary Weeks gives the figures to show that after deducting all expenses, interest, and depreciation it was not only cheaper to the Government to carry its troops and supplies and munitions by its own ships than to pay the regular commercial rates for transportation, but he concluded his letter in this wise:

Aside from the mere question of cost, the retention of the transport service as an integral part of the country's Military Establishment is as apparent to those conversant with our military requirements under normal peace conditions as any other arm or service of the War Department.

Now, that was his position. It is true, as the gentleman from Pennsylvania is possibly preparing to say, that they did not appear against this bill at the hearings upon this bill. Why? We undertook to get the witnesses, and for some reason Secretary Weeks declined to permit Colonel Dalton, the Chief of the Transportation Service, to appear and testify upon it.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. EDMONDS. Of course, gentlemen, if you will read the bill you will recognize the fact that the President is authorized to do away with the Army and Navy transport service if he finds it of advantage to do so.

The gentleman from Tennessee [Mr. DAVIS], of course, did not care to take the figures that we got from the War Department in the hearings and figure out for himself how much the transport service cost, but he takes the letter from Secretary Weeks, which forgets to mention the \$24,000,000 worth of ships that they have tied up which belong to their transport service and which they were not using. Of course, there was no deception in that, but, using the cheapest ships, that they have now disposed of, and not using the expensive ships, they made \$107,000 over commercial rates. But had they taken into account the deterioration and the interest account on the investment in the \$24,000,000 worth of ships that are tied up they would have found out that the \$3,000,000 of transport service was conducted at a loss of something like \$5,000,000 or \$6,000,000. That is the reason why Secretary Weeks, after looking into the matter, consented to the proposition that the transport service should be disposed of.

Furthermore, what do we want with a transport service? England uses her commercial ships for her transport service,

so as to build up their lines and have them operating at a profit.

Mr. MONDELL. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. MONDELL. Is it not true that no nation on earth has a transport service, such as ours, except a nation that has no merchant marine?

Mr. EDMONDS. I think that is true.

Mr. MONDELL. And the only reason why we inaugurated the transport service was because we did not have a merchant marine to carry our troops and munitions of war?

Mr. EDMONDS. I think that is absolutely true. And, of course, the gentleman must not forget the free rides that people get on transports, either.

Mr. MONDELL. I never took a joy ride on a transport; but I suppose it is a very lovely thing to have an opportunity to do so.

Mr. EDMONDS. Here is a Congress which has an opportunity to dispose of that question. The newspapers say that Members of Congress enjoy their rides on transports. And I notice by the report made that civilians rode on transports to the extent of some \$400,000 worth.

Mr. BLANTON. I presume this is an opportunity to prevent high-titled naval officers attending birthday festivities over in Japan. If it does that I am with the gentleman. I think we ought to prevent the use of the transports to naval officers to go to Japan to attend birthday celebrations.

Mr. EDMONDS. If there is any pretension to economy by the gentleman—

Mr. BLANTON. I am with the gentleman on this.

Mr. EDMONDS. This is the place in the bill for all the economy that is possible in any department of the Government.

Mr. LEHLBACH. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN (Mr. SANDERS of Indiana). The gentleman from New Jersey moves that all debate on this section and all amendments thereto be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment.

The question being taken, the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment which the clerk will report.

The Clerk read as follows:

Amendment proposed by Mr. BRIGGS: Line 7, page 48, strike out the period, insert a colon, and add the following: "Provided, That any such Army and Navy transportation service shall not be discontinued, nor shall contracts for transportation, as designated herein, be made unless the rates charged for such transportation are reasonable, and especially when taken in connection with the cost of such Army and Navy transportation service as now operated."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question being taken, the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment proposed by Mr. BRIGGS: Strike out the word "ten," line 3, page 48, and insert "not more than five."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

INTERRELATIONS OF RAIL AND WATER TRAFFIC.

SEC. 602. (a) It is hereby declared to be the policy of Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States, and to foster and preserve in full vigor both rail and water transportation, and the board and the commission are hereby severally authorized, empowered, and directed to cooperate to that end.

(b) The board and the commission are authorized and directed to create a joint board, selected from among their members, officers, and employees, to study the conditions and interrelations of rail and water traffic, and the principles and methods essential to accomplishing the policy declared in subdivision (a).

(c) The joint board shall appoint a secretary, who shall keep minutes of its meetings, which minutes shall be furnished to the members of the board and of the commission. The joint board shall hold regular semimonthly and such additional meetings as may be necessary to transact properly its business.

(d) The joint board shall formulate and make such recommendations to the board and the commission, not inconsistent with law, pertaining to the interrelations of rail and water traffic, as it deems necessary to accomplish the policy declared in subdivision (a). The board shall make effective, by such means as are granted it by law, any such recommendation upon any matter within its jurisdiction, if such recommendation is approved by the board. The commission shall have a like duty as to any such recommendation upon any matter within its jurisdiction.

(e) None of the provisions of this section shall be construed to affect the power or jurisdiction of the commission, or to confer upon the board concurrent power or jurisdiction over any matter within the power or jurisdiction of the commission.

Mr. DEMPSEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DEMPSEY: Page 48, line 24, after the word "traffic," insert as a part of the sentence the following: "Questions relative to the control, improvement, and extension of ocean freight terminals."

Mr. STAFFORD. I reserve a point of order on the proposed amendment.

Mr. DEMPSEY. Mr. Chairman, I understand the amendment is accepted by the committee.

Mr. STAFFORD. If that is the fact, I withdraw the reservation of the point of order.

Mr. EDMONDS. The committee has no objection to the amendment.

The CHAIRMAN (Mr. TILSON). The question is on agreeing to the amendment.

The question being taken, the amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 48, beginning with line 14 and ending with line 23 on page 49, strike out all of section 602.

Mr. BLANTON. Mr. Chairman, I desire to ask the gentleman in charge of the bill how many new employees at high salaries is it contemplated that this new board will require?

Mr. WHITE of Maine. It does not authorize any.

Mr. BLANTON. It provides for a new board, does it not?

Mr. WHITE of Maine. It provides for a board to be selected from among their own members.

Mr. BLANTON. Selected from among Interstate Commerce Commission and the Shipping Board employees and members?

Mr. WHITE of Maine. It means that certain members of the Shipping Board and certain members of the Interstate Commerce Commission may meet together, constituting a new board.

Mr. BLANTON. But it does not say that.

Mr. WHITE of Maine. Yes, it does; for the consideration of the interrelation between rail and water transportation.

Mr. BLANTON. And connected with that meeting of these board members how many extra employees will it require?

Mr. WHITE of Maine. It does not authorize any at all.

Mr. SEARS. Will the gentleman yield?

Mr. BLANTON. In just a moment. I think the time has come when we ought to stop creating these new boards and new employees. We ought first to get rid of the surplus ones that we have in Washington and elsewhere on the pay roll of the Government.

Mr. WHITE of Maine. If the gentleman will permit, the language is this: They are authorized and directed to create a joint board elected from among their members, officers, and employees.

Mr. BLANTON. That is just exactly the point.

Mr. WHITE of Maine. The employees of the Shipping Board and the Interstate Commerce Commission.

Mr. BLANTON. I refuse to yield further, because the gentleman will have his own time to explain. The gentleman answers my questions.

If the board may be selected from among the officers and employees, and it is already admitted that there have been about 4,000 of these employees segregated from the pay roll at this time from what there were a few months ago, there should be several thousand more sent home and taken from the pay roll of the Government. If we create a new board it will be composed of men who will be placed in high-salaried positions who ought not to be on the pay roll of the Government. As long as I am a Member of Congress I am going to vote against the establishment of every new board, commission, or bureau of the Government. We have too many now. If we ever expect to bring about retrenchment in the expenditure of the people's money the time has now come to stop creating new offices. What became of the new office created by the present administration—the political office of the gentleman that was given a high salary to meet with the committee upon which is the gentleman from Virginia [Mr. MOORE] and others? Has there ever been a meeting of that committee?

Mr. LEHLBACH. Mr. Chairman, I make the point of order that the gentleman is discussing the reorganization board and not this bill.

Mr. BLANTON. I am saying that what happened to that reorganization board can happen to this board.

The CHAIRMAN. The gentleman from Texas knows the rules and he will proceed in order.

Mr. BLANTON. Well, Mr. Chairman, we now have such a very distinguished parliamentarian in the chair that I am sure he will not rule me out of order, because I am in order. [Laughter.] The gentleman from Maine ought to be with me on this proposition. The people of Maine ought to be just as anxious for retrenchment and economy as the people anywhere else. I am sure if there is a chance in this bill for a new board and new officers with high salaries from the Government that the gentleman from Maine and the gentleman from New Jersey ought to be as anxious to take it out of the bill as I am.

Mr. ROACH. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. ROACH. If I understand this section, it calls for the coordination of the work of the Interstate Commerce Commission and the Shipping Board, and what objection can there be to that?

Mr. BLANTON. This board could be appointed out of the employees in the two offices. They will become members of the board with high salaries. In other words, they will be leaving a position which pays \$1,500 or \$2,000 and go upon this board and get \$5,000 or \$10,000, as the Shipping Board may allow.

Mr. ROACH. What objection is there to having coordination in the work of these two departments?

Mr. BLANTON. I am objecting to the creation of a new board in this Government.

Mr. WHITE of Maine. Mr. Chairman, this is simply a proposition to permit members of the board and of the Interstate Commerce Commission and certain other employees of each to meet together, constituting a board, a sort of clearing house for the consideration of problems of mutual interest to the two boards. It does not authorize a new salary; it does not authorize a new employee or anything of the sort.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. MOORE of Virginia. I want to say to the gentleman that I understand that at this time there is such a board. They call it the liaison board. It is a board made up of employees of the two bodies, the Shipping Board and the Interstate Commerce Commission.

I think there is one provision here that is objectionable, and that is the requirement of a semimonthly meeting. That may lead to unnecessary expense. What happens now is that the board gets together whenever there is any necessity. I suggest that you strike out any designation of time for a meeting.

Mr. WHITE of Maine. I think the gentleman is right in the statement that they do meet informally now. But we want to make that meeting which is now informal more formal. The reason we put in a time for the stated meeting is that if either board has a matter they wish to discuss with the other board they could bring them to the table and make them listen.

Mr. SEARS. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. SEARS. Paragraph (c) provides that the secretary shall keep the minutes. Will that secretary work for nothing?

Mr. WHITE of Maine. He must be appointed from among the existing employees, from one or the other, and he would work without any additional salary whatever because there is no authorization for a salary.

Mr. SEARS. Then the gentleman assures us that the secretary will not receive any extra salary?

Mr. WHITE of Maine. I do.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. WHITE of Maine. Yes.

Mr. MOORE of Virginia. I understand that several sections in this bill have been framed without any consultation with the Interstate Commerce Commission. I think I am correct on that point. If I had the time I could point out several amendments that everybody should be glad to make in order to prevent any conflict between the two bodies. I know amendments offered by me would not be entertained, but my suggestion is that at some stage the Interstate Commerce Commission should be called upon for its opinion on these provisions.

Mr. WHITE of Maine. I think, although I have never personally talked with them, that the Interstate Commerce Commission has had an opportunity to express its opinion.

Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The question is on the motion of the gentleman from Maine.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

EXPORT BILLS OF LADING.

SEC. 603. Paragraph (4) of section 25 of the interstate commerce act as amended is amended by adding at the end thereof a new sentence to read as follows: "In making rules and regulations prescribing the form of such through bills of lading the commission shall adopt as the portion thereof governing the carriage of goods by water in foreign commerce such form as may be certified to the commission by the United States Shipping Board for such purpose."

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to proceed out of order for five minutes in order to correct what I think is a rather grave injustice done to one of the witnesses who testified before the committee.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for five minutes out of order. Is there objection?

Mr. SNYDER. I object.

Mr. MONDELL. Mr. Chairman, I regret, but I have objected all day to discussion out of order, and I feel that I must do so now.

The CHAIRMAN. Objection is heard.

Mr. BANKHEAD. I want to be recognized on my motion, Mr. Chairman.

The CHAIRMAN. The gentleman from Alabama is recognized for five minutes.

Mr. BANKHEAD. Mr. Chairman, I shall not undertake to do by indirection what I can not obtain leave to do directly. I hope the gentleman will withdraw the objection. I am not going to raise any controversial issue, but I would like an opportunity to correct a statement with reference to the attitude of Mr. Edgar Wallace, who appeared before the committee as a representative of the American Federation of Labor. I do not say that his position has been wilfully misrepresented, but it has been incorrectly represented in this debate, and in justice to him and his organization I ask this privilege.

Mr. GREENE of Massachusetts. I was the only person who made reference to him.

Mr. BANKHEAD. It is with reference to the statement of the gentleman from Massachusetts in the debate that I ask this privilege.

Mr. GREENE of Massachusetts. I declined to allow it, because I simply spoke from memory. I am willing to have read into the RECORD what he said.

Mr. BANKHEAD. That is all I want to do.

Mr. GREENE of Massachusetts. There is no objection to that.

Mr. BANKHEAD. Then I ask unanimous consent to extend my remarks in the RECORD by reading into the RECORD the question of the gentleman from Massachusetts and the reply of Mr. Wallace.

Mr. GREENE of Massachusetts. The gentleman asked what he said. I stated what he said, intending to state what was true. If I made any misstatement of it—I do not think I did—it was made inadvertently. I have no objection to any correction of that statement, but I do not want the RECORD to be cluttered up with a lot of immaterial matter.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein the question asked by the gentleman from Massachusetts of the witness, Edgar Wallace, in the committee as to his attitude on this question and his reply thereto, only about 10 lines.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MONDELL. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

RAIL-OWNED WATER LINES.

SEC. 604. Paragraph (9) of section 5 of the interstate commerce act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "Provided, That the foregoing provisions of this paragraph shall not apply in any case where such common carrier by water or such vessel is engaged exclusively (a) in trade (other than with foreign contiguous territory) not included in the coastwise trade, or (b) in trade between ports in the United States and ports in the Philippine Islands."

Mr. GRAHAM of Illinois. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. GRAHAM of Illinois: Page 50, line 21, after the word "Islands," strike out the period, insert a comma in lieu thereof and the following language: "but this proviso shall not apply in any case where such common carrier by water or such vessel is engaged exclusively in trade upon any of the rivers or canals of the United States."

Mr. GRAHAM of Illinois. Mr. Chairman, I understand that there will be no objection to this?

Mr. EDMONDS. None at all. It was not intended that it should apply.

The CHAIRMAN. The question is on agreeing to the committee amendment offered by the gentleman from Illinois.

The amendment was agreed to.

Mr. BRIGGS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Strike out all of lines 11 to 21, inclusive, on page 50.

Mr. BRIGGS. Mr. Chairman, this amendment would strike out the authorization for railroads to engage in overseas foreign trade. It is undoubtedly a distinct departure from the function of the railroads in this country. It brings the railroads into an entirely new field of operation. This law does not subject them any more, for that matter, than anyone else to any regulation of ocean rates. It permits them to enjoy the huge subsidies which are accorded other organizations of steamship companies, although to-day the railroads have favored legislation in the transportation act. It is my opinion, and I think it was very clearly the opinion of many of the witnesses who advocated the adoption of the subsidy, that the railroads ought not to be accorded the privilege of entering the ocean foreign trade.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. EDMONDS. What privilege does this give the railroads that they do not enjoy at the present time?

Mr. BRIGGS. I do not think the railroads enjoy any such privilege; and if they do, I do not think this provision would be in this bill. If they have it without this provision, what objection can the gentleman have to the elimination of the provision?

Mr. EDMONDS. Simply for the reason that the second provision in the bill is the only thing of importance in it, and that is if the coastwise laws are applied to the Philippine Islands it will open up the lines crossing the Pacific to the Philippine Islands. There is nothing in the law to-day that prevents any railroad from having steamships in foreign trade.

Mr. BRIGGS. The gentleman and I disagreed in that all through the hearings. I think the very fact that provision is in the bill exempting them from passing through the Panama Canal indicates that they are now prevented from engaging in ocean trade business on the high seas. I do not believe it is good policy to sanction it now.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. MOORE of Virginia. Awhile ago I stated my belief that no member of the Interstate Commerce Commission or no representative of the commission was called before the committee that framed this bill to express any opinion about it. Is that correct?

Mr. BRIGGS. Not on this question.

Mr. MOORE of Virginia. I will ask the gentleman whether any member or representative of the commission appeared before the Committee on the Merchant Marine and Fisheries?

Mr. BRIGGS. Not a member.

Mr. JONES of Texas. Will the gentleman yield?

Mr. BRIGGS. I will.

Mr. JONES of Texas. In connection with what the gentleman said, I would like to suggest that paragraph 9 of section 5, which this purports to amend, forbids any railroad owning stock in a shipping company engaged in water transportation through the Panama Canal or elsewhere.

Mr. BRIGGS. The railroads have no authority to engage in ocean foreign trade.

Mr. JONES of Texas. Under that act.

Mr. WHITE of Maine. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close. I will modify my motion so as to have debate close in six minutes.

The CHAIRMAN. Without objection, the motion will be amended.

There was no objection.

The motion as amended was agreed to.

Mr. McDUFFIE. Mr. Chairman, I move to strike out section 604, and may I say to the chairman of the Committee on the Merchant Marine [Mr. EDMONDS] that he is very greatly mistaken if he has conceived the idea that I wish to drive the tramp service from the seas or cripple it. I want, and the Democratic Party which has spoken in caucus upon this bill wants, to build up this service and all service. A great many of the people whom I have the honor to represent here are interested particularly in the tramp service, as well as several splendid liner services, but it is a question with me whether or not it will be properly done under the terms of this bill.

I have studied this bill and listened very carefully to the arguments on this floor with the hope that it would be so amended that I could support it, because I do want to see this

country establish a merchant marine in keeping with our position as one of the great world powers. I want our ships to pass into the hands of private ownership, and, above all, it is my desire to get this Government out of the shipping business as soon as possible.

It is a fundamental proposition that no business can be done as successfully operating under a statute as operating under the natural economic business laws and principles. I believe that American genius and industry can compete with that of any nation under conditions of equal opportunity. Therefore it occurs to me if this Congress would wipe from the statute books those shackles which it is claimed now handicap the American operator we can put the American flag upon every sea without a direct subsidy from the Federal Treasury.

Now, as to section 604, I would like to direct your attention to what some of the steamship owners have said, speaking through the Chamber of Commerce of Mobile, to the effect that not only this section but sections 602, 603, 604, and 607 should be eliminated from this bill. As to section 604, they say that it should either be stricken from the bill or so amended that the railroads can not own ships in competition with private steamship owners. They say in a resolution that they indorse the principles set forth in the bill, but appear to be somewhat troubled as to the effect of the sections just named. In accordance with their request to call attention to these sections I am going to ask unanimous consent to insert in my remarks a resolution they forwarded to me several months ago, as well as a letter from the chamber of commerce dealing more in detail with the only sections which appear objectionable to them.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none.

Mr. JONES of Texas. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. JONES of Texas. If this section 604 goes out of the bill, under the law as it now exists railroads owning stock in ships engaged in foreign trade their ships would be forbidden passing through the Panama Canal and elsewhere?

Mr. McDUFFIE. That is the proposition they are interested in. The resolution and letter are as follows:

MOBILE CHAMBER OF COMMERCE.

Resolution adopted July 5, 1922, by the Mobile Chamber of Commerce and ordered forwarded to the Alabama delegation in Congress:

"Whereas there is before the Congress of the United States H. R. 12021, known as the ship subsidy bill: Be it

"Resolved, That the Mobile Chamber of Commerce indorses the principles set forth in this bill with the exception of sections 602, 603, 604, and 607; be it further

"Resolved, That the Mobile Chamber of Commerce is of the opinion that sections 602, 603, 604, and 607 are inimical to the American steamship owners and have no place in this bill and should be stricken from same; be it further

"Resolved, That copies of this resolution be sent to Alabama Representatives in Congress, with a request that they use their influence in carrying out the expressed desire of this organization."

I certify the above to be a correct copy of a resolution adopted by the Mobile Chamber of Commerce on July 5, 1922.

P. A. FENIMORE,
General Secretary.

MOBILE CHAMBER OF COMMERCE AND BUSINESS LEAGUE,
Mobile, Ala., July 11, 1922.

SHIP SUBSIDY BILL.

Hon. JOHN McDUFFIE,
House Office Building, Washington, D. C.

DEAR MR. McDUFFIE: I am transmitting to you a resolution on the ship subsidy bill, in which this organization expresses its opinion on certain sections which we regard as being detrimental to the American merchant marine. There are four sections—602, 603, 604, and 607—which appear to us as being an attempt by transcontinental rail lines to strangle water service via the Panama Canal.

Section 602 is regarded by our people as being particularly dangerous to the successful operation of established water routes, because of the authority given the joint committee, which it is proposed to set up, to establish the rates to be charged by coastwise lines operating under the American flag. It is our opinion that the Interstate Commerce Commission should not have jurisdiction over coastwise water rates via the Panama Canal, for the reason that they are charged with the responsibility of establishing rail rates that will guarantee the railroads a certain percentage of earnings on the valuation of railroad properties; therefore, the Interstate Commerce Commission can not be regarded as a neutral body as between the rail carriers and water carriers engaged in coastwise business. If the Congress deems it necessary to establish an authority in control of coastwise water rates, a commission should be created that is independent of any responsibility with reference to the rail lines.

Section 603, headed "Export bills of lading": Except for limitations in jurisdiction added by conferees to the transportation act, approved February 28, 1920, section 25 of the interstate commerce act would have authorized the Interstate Commerce Commission to prescribe the terms and provisions of the water portion of a through bill of lading in foreign trade, but only for American flag vessels. Recognizing that the Interstate Commerce Commission could not control a foreign ship operating extratorrally, Congress limited the jurisdiction of the commission to the transportation which took place within the United States, thereby preventing the commission from exercising a control over United States vessels which they could not exercise over foreign-flag vessels, and the commission in issuing bills of lading instructions to railroad carriers has recognized the lack of jurisdiction to control the provisions of a water bill of lading. In spite of this,

the Shipping Board by the section in the bill amending section 25 seeks to acquire for itself the authority to prescribe the bill of lading terms for vessels of the United States, though it can not acquire and exercise such authority over foreign-flag ships. The authority contained in section 603, if exercised by the board improperly or without due consideration of the foreign competition, would be so prejudicial to American vessels as to more than offset any benefits obtainable by such vessels under the bill. * * * The board now has control over the character of bill of lading on Shipping Board ships. As no good can come of section 603, and a great deal of harm might come of it, this section should be eliminated entirely.

Section 604 should be either stricken from the bill entirely or amended so that railroads can not own ships in competition with owners. The Panama Canal act of 1912 made it unlawful for railroads to operate ships via Panama Canal or otherwise. In the transportation act of 1920 an effort was made to amend the existing law so as to authorize the Interstate Commerce Commission to grant authority to railroad companies to operate vessels, notwithstanding the fact of competition or possibility of competition, if it deemed such operation to be in the public interest and not of a character to exclude, prevent, or reduce competition on the route by water under consideration.

This application for additional authority was rejected by Congress, then it was later introduced as a separate measure in the House and Senate, was referred to the committees of the House and Senate having control of interstate and foreign commerce, so that it evidently was the intent of Congress and of committees having charge of interstate commerce matters not to amend the Panama act so as to permit the railroads to operate ships in competition with themselves in any trade. The Shipping Board is now trying to originate this, subject only to the consideration of the Merchant Marine Committees, and without proper hearings by the Interstate and Foreign Commerce Committee of the House or the Interstate Commerce Committee of the Senate. The railroads are not at present restricted in their ownership of vessels in any trade with which their rail lines, or water lines owned by them, are not or may not be in competition. If railroads were permitted to own ships through the Panama Canal operating either from the Atlantic or Pacific they would then be in direct competition with themselves for business which now moves by rail lines and connecting water lines to foreign ports, and also with privately owned American ships operating direct from either coast through the canal to such foreign ports. Privately owned vessels of the United States now engaged in such trade would therefore be subjected by this section as it now reads not only to the competition by the joint rail-water route but the extended competition by ships—even foreign ships—which this provision of the law would authorize the railroads to own and operate in competition with them through the Panama Canal or elsewhere except in the few trades. We therefore feel that this section should either be killed entirely or so restricted that railroads could not own vessels in trades competitive with the railroads.

This organization has obtained an opinion from all of the steamship operators at this port on the sections to which objection is made in the resolution. The maritime interests here are unanimous in declaring that in their opinion these sections should be eliminated from the ship subsidy bill and that any attempt to make additional amendments along the same lines should be opposed by those who favor the upbuilding of an American merchant marine with Government aid.

We ask you to give the resolution and the reasons that inspired its adoption your most careful consideration, and trust your study of the sections to which your attention is called will convince you they are dangerous to the main object of the bill and should be stricken from it.

Yours very truly,

MOBILE CHAMBER OF COMMERCE,
P. A. FENIMORE, Secretary.

Mr. EDMONDS. Mr. Chairman, when this paragraph came to us for consideration I wrote to Attorney General Daugherty and received a letter from Assistant Attorney General Goff in which he stated that any railroad company that wanted to own ships in the foreign trade could do so; there was nothing in the law to prevent them. A ship that goes through the Panama Canal between the Atlantic and Pacific will not come under this section. It was really placed in with the idea that trade between the ports of the United States and ports of the Philippine Islands, should the Philippine Islands come under the coastwise law, would be left open to the ships which were receiving compensation. The reason for that is, of course, the Philippine Islands are several thousand miles away from the coast of this country, and we are under the necessity of giving sufficient compensation. I can not see any particular objection to its passing, and I am sure it does not do any damage to traffic through the Panama Canal, though gentlemen seem to fear that we are coming into competition with the coastwise trade.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the vote recurs on the motion of the gentleman from Texas to strike out the section.

The question was taken, and the Chair announced the yeas appeared to have it.

Mr. BRIGGS. Division, Mr. Chairman.

The committee again divided; and there were—yeas 20, noes 60.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

AGREEMENTS BETWEEN CARRIERS AFFECTING WATER TRANSPORTATION.

SEC. 605. Section 15 of the shipping act, 1916, is amended to read as follows:

"SEC. 15. (a) That every common carrier by water, or other person subject to this act, shall file immediately with the board a true copy, or, if oral, a true and complete memorandum, of every agreement with another such carrier or other person subject to this act, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates or fares; giving or receiving special rates, accommodations, or other special privileges or advantages; controlling, regulating, preventing, or destroy-

ing competition; pooling or apportioning earnings, losses, or traffic; allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; providing warehousing, docking, or other terminal facilities; providing that the one carrier shall act in any manner as agent or representative of the other carrier; or in any manner providing for an exclusive, preferential, or cooperative working arrangement.

"(b) Every common carrier by water shall file immediately with the board a true copy, or, if oral, a true and complete memorandum, of every agreement with a common carrier by railroad subject to the provisions of the interstate commerce act, as amended, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, relating to the interchange of freight or passengers, or the making of joint or through rates, or providing warehousing, docking, or other terminal facilities, or providing that the one carrier shall act in any manner as agent or representative of the other carrier, or in any manner providing for a cooperative working arrangement between the two carriers. In all such cases the common carrier by railroad shall also have a like duty. The provisions of this subdivision shall apply only to agreements relating to passengers or property transported or to be transported to or from a foreign country or the Philippine Islands from or to a port or other place in the United States.

"(c) The term 'agreement' as used in this section includes understandings, conferences, and other arrangements.

"(d) The board may by order disapprove, cancel, or modify any agreement, or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States, or to be in violation of law, or to be otherwise detrimental to the interest and welfare of the United States, and shall approve all other agreements, modifications, or cancellations.

"(e) Agreements existing at the time of the enactment of the merchant marine act, 1922, shall be lawful until disapproved by the board. It shall be unlawful to carry out any agreement or any portion thereof, disapproved by the board.

"(f) All agreements, modifications, or cancellations, made after the enactment of the merchant marine act, 1922, shall be lawful only when and as long as approved by the board, and before approval or after disapproval it shall be unlawful to carry out in whole or in part, directly or indirectly, any such agreement, modification, or cancellation.

"(g) Every agreement, modification, or cancellation, lawful under this section, shall be excepted from the provisions of the act entitled 'An act to protect trade and commerce against unlawful restraints and monopolies,' approved July 2, 1890, and amendments thereof and acts supplementary thereto, and the provisions of section 73 to 77, both inclusive, of the act entitled 'An act to reduce taxation, to provide revenue for the Government, and for other purposes,' approved August 27, 1894, and amendments thereof and acts supplementary thereto.

"(h) Whoever violates any provision of this section shall be liable to a penalty of \$1,000 for each day such violation continues, to be recovered by the United States in a civil action."

Mr. HARDY of Texas. Mr. Chairman, I think the minority have only about a half dozen additional amendments to offer, and I understand the purpose of the committee is to meet at 11 o'clock to-morrow, and I think we might adjourn now and get through certainly in an hour or in a short while in the morning.

Mr. MONDELL. If the gentleman will allow me, it was thought that we would read down to the bottom of page 56, miscellaneous provisions.

Mr. HARDY of Texas. I think we can get through in an hour's time to-morrow.

Mr. MONDELL. Has the gentleman anything to offer to this section?

Mr. DAVIS of Tennessee. Yes.

Mr. MONDELL. More than one?

Mr. HARDY of Texas. We have gotten down to Title VI.

Mr. DAVIS of Tennessee. I have one amendment to the section just read.

Mr. MONDELL. We will give the gentleman time to discuss that, but I would like to get down to Title VII.

Mr. HARDY of Texas. Then we will meet at 12 o'clock to-morrow?

Mr. MONDELL. I think we might meet at 11.

Mr. HARDY of Texas. I have no objection.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 53, line 15, strike out subsection (g).

Mr. DAVIS of Tennessee. Now, gentlemen, the subsection which I propose to strike out is another instance where the general law is changed, and this is a remarkable instance of it, because this section exempts ship lines and railroads from the operations of the antitrust law. Now, listen to a reading of the provision I propose to strike out:

"(g) Every agreement, modification, or cancellation, lawful under this section, shall be excepted from the provisions of the act entitled 'An act to protect trade and commerce against unlawful restraints and monopolies,' approved July 2, 1890, and amendments thereof and acts supplementary thereto, and the provisions of sections 73 to 77, both inclusive, of the act entitled 'An act to reduce taxation, to provide revenue for the Government, and for other purposes,' approved August 27, 1894, and amendments thereof and acts supplementary thereto.

Now, why should these railroads and why should these ship lines be excepted from the provisions of the antitrust laws?

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. EDMONDS. The original shipping act of 1916 was drawn up by gentlemen on that side of the House, and this section was in there.

Mr. DAVIS of Tennessee. Well, why are you wanting to enact it here, then?

Mr. EDMONDS. Why do you not ask the gentleman who then prepared it?

Mr. DAVIS of Tennessee. I was not here then, and you can not charge me with the responsibility. Whether it was the law or not, it ought not to be reenacted.

Mr. EDMONDS. I was here, and I am perfectly willing to accept the responsibility, so far as that is concerned.

Mr. DAVIS of Tennessee. I am not discussing the question of who are responsible for it. I am discussing the merits of the proposition, and I am against it, no matter whether everybody on both sides favor it, because I do not think there is any occasion for such a provision at this time exempting ship lines and connecting railroads from the operation of the antitrust laws. [Applause.]

Mr. SEARS. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee [Mr. DAVIS].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. HILL. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. MOORE of Virginia. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Virginia moves to strike out the last word.

Mr. MOORE of Virginia. I do that simply for the purpose of asking the gentleman from Pennsylvania a question. I would like to ask the gentleman to look at subsection (d) on page 52. It refers to quite an important matter. It gives authority to the Shipping Board to do certain things that may involve very important questions without providing at all for any hearings in advance. Is that not very unusual and extraordinary, in analogy, for instance, to proceedings before the Interstate Commerce Commission?

Mr. EDMONDS. I do not understand what the gentleman is getting at.

Mr. MOORE of Virginia. Subsection (d), on page 52, specifies certain powers may be exercised. It appears that those powers may be exercised summarily and without any advance hearing. It seems to me there ought to be some provision enabling parties to be heard.

Mr. EDMONDS. I think that there is a section that arranges for a hearing, or else the act of 1916 does. I think it applies to this.

Mr. DAVIS of Tennessee. I doubt if the gentleman will find it so.

Mr. EDMONDS. We were very careful in drawing the act of 1916. It was the original act constituting the Shipping Board, and the matters of hearings and appeals were all attended to in that act in another section.

The CHAIRMAN. The pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

JOINT OR PROPORTIONAL RATES.

SEC. 607. Section 28 of the merchant marine act 1920 is amended to read as follows:

"SEC. 28. (a) That no common carrier shall charge, collect, or receive for transportation subject to the interstate commerce act as amended of passengers or property under any joint rate, fare, or charge, or under any export, import, or other proportional rate, fare, or charge which is based in whole or in part on the fact that the passengers or property affected thereby are to be transported to or have been transported from any port in a possession or dependency of the United States or in a foreign country by a carrier by water in foreign commerce any lower rate, fare, or charge than that charged, collected, or received by it for the transportation of passengers or of a like kind of property for the same distance, in the same direction, and over the same route in connection with commerce wholly within the United States unless the vessel so transporting such passengers or property is, or unless it was at the time of such transportation by water, documented under the laws of the United States.

"(b) Whenever the board is of the opinion, however, that adequate shipping facilities to or from any port in a possession or dependency of the United States or a foreign country are not afforded by vessels so

documented it shall certify this fact to the Interstate Commerce Commission, and the commission shall by order suspend temporarily the operation of the provisions of this section with respect to the rates, fares, and charges for the transportation by rail of passengers and property transported from or to be transported to such ports.

"(c) Such suspension of operation of the provisions of this section shall be terminated upon 30 days' notice given in accordance with the requirements of section 6 of the interstate commerce act as amended by order of the commission whenever the board is of the opinion that adequate shipping facilities by such vessels to or from such ports are afforded and so certifies to the commission.

"(d) Whenever the board and the commission are both of opinion and certify that putting into effect or keeping in effect the provisions of this section will result in unjust discrimination between ports of the United States on commerce accustomed to move through such ports or in materially changing the channels of transportation within the United States or in unduly congesting one or more of the ports of the United States, the commission shall by order suspend the operation of said provisions until such time as it and the board reach a contrary conclusion in the premises, whereupon such suspension shall by order be terminated by the commission upon 30 days' notice as hereinbefore provided for the termination of other suspensions."

Mr. BRIGGS. Mr. Chairman, I want to offer an amendment correcting an error there.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Page 56, line 11, strike out the word "on" and insert the word "or."

Mr. EDMONDS. Mr. Chairman, I accept that amendment.

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. MOORE of Virginia. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Virginia moves to strike out the last word.

Mr. MOORE of Virginia. I will ask the attention of the gentleman from Pennsylvania to subsection (d), on page 56. Suppose that the Shipping Board and the Interstate Commerce Commission disagree as to the situation their inquiry relates to in any given case. Who is to reconcile the disagreement?

Mr. EDMONDS. They will have to agree before they can operate.

Mr. MOORE of Virginia. Then that puts us in this position: The Interstate Commerce or the Shipping Board may be of opinion that there is a discrimination affecting some locality or affecting some business interest; the other body may take the negative view. The two bodies being in disagreement, there is no provision made at all for getting them together.

Mr. EDMONDS. We presume that they will agree.

Mr. MOORE of Virginia. But you assume that they may not agree by drawing the provision as it stands. You say that no action shall be taken unless they agree. If they do not agree, then no action can be taken.

Mr. EDMONDS. That is true.

Mr. MOORE of Virginia. I suggest to the gentleman that he try to find some way of relieving that provision of the obvious difficulty that it creates.

Mr. EDMONDS. It does not become effective. What you desire to accomplish is not accomplished because they do not agree.

Mr. MOORE of Virginia. But still there may be a discrimination in fact. If one of those bodies finds that there is some very gross discrimination, the other body may say no; and there is no possibility at all of the matter being further dealt with.

Mr. EDMONDS. Until they agree, that is true.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

EXTENSION OF REMARKS.

Mr. FESS. Mr. Chairman, I ask unanimous consent to extend my remarks on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. YATES. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BOX. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The extensions of remarks referred to are here printed in full as follows:

Mr. FESS. Mr. Speaker, we have now reached the place of decision on whether our Nation will take the necessary steps to become an American merchant marine power or whether we will lapse back to what I regard as an indefensible position which we held prior to the World War to depend upon foreign nations to carry our overseas commerce.

The first decision is whether we shall scrap our war-built ships, sell them to foreign countries, or, on the other hand, remain on the sea. If we decide to abandon the sea, that ends the discussion. If we decide, as I think we should, to remain on the sea, then the choice, and the only choice, left us is to continue Government ownership and operation as we now are suffering or adopt the policy of Government aid as proposed by this bill. If there is any other method, let the opponents of this measure present it.

For over a half century we have witnessed the most wonderful industrial, financial, and commercial development of all history under the direction of American managerial ability. If the way were open to the unaided operation of an American merchant marine under our flag without surrendering our standards of labor, is it conceivable that our business acumen would not have discovered and utilized it? The failure of our country to enter and hold this field of activity in the light of our history and under our navigation laws is the one outstanding error which should have long ago been corrected and which we now propose to correct by this measure.

Mr. Speaker, the development of the American Government and its institutions is the greatest event in the history of modern civilization, easily the greatest contribution to the history of political science. The progress of the Nation during its national existence has no parallel. Its normal growth and its present rank is the most outstanding event of modern times.

This rank does not consist of extent of territory, numbers of people, or merely natural resources. There are other countries vastly greater in territory, more populous, and richer in fertility of soil.

Its rank is due to the character of her people, her system of government, and her institutions developed under that government. Her greatness, like that of any other great country, is not a commodity value and can not be estimated by material standards alone. Even if measured by that standard, she would stand first in all the world. She is first in agriculture, transportation, manufacturing, mining, fiscal ability, managerial ability, and skilled labor. She produces 20 per cent of the world's gold, 25 per cent of the world's wheat, 40 per cent of the world's iron and steel, 40 per cent of the world's lead, 40 per cent of the world's silver, 50 per cent of the world's zinc, 52 per cent of the world's coal, 60 per cent of the world's copper, 60 per cent of the world's cotton, 70 per cent of the world's oil, 75 per cent of the world's corn. We operate 40 per cent of the world's railroads, refine 80 per cent of the world's copper, and manufacture 85 per cent of the world's automobiles.

The business agencies of the country have invaded every field open to her save the merchant marine. Up to the Civil War she occupied that field, but since that period she has gradually neglected it, and has left it to other countries, especially to Great Britain, the greatest marine power of all history.

No evolution is of greater interest than that which brought Britain to her present position on the sea. When America was discovered Portugal was the mistress of the sea and carried the world's commerce. In due time she gave way to Spain, which in turn became not only the world's greatest maritime power but likewise the world's greatest colonizer.

After the passing of the Spanish armada the sun of Spain's supremacy began to set. For a time the control of the sea went to the Netherlands and later to France. In 1688 England's contest for the sea began. It continued 127 years, during which period 12 wars were waged between France and England, and 64 years of actual fighting were endured, when in 1815 at Waterloo, Napoleon's star set, and France surrendered the sea to her great rival.

During the past 100 years Britain has given heed to the development of the world's greatest merchant marine in the creation of the most wonderful maritime organization of history. This followed as a natural consequence of a colonization power whose possessions are in every quarter of the globe, and whose commercial interests are coterminous with the continents. Her ports are found wherever commerce is carried on, and her language is spoken wherever her white sails of commerce appear.

The essential elements of a complete merchant marine are merchant ships, shipyards, open ports, coaling stations, cables, and naval equipment, both matériel and personnel. To these were added a naval equipment double the next largest. Besides these integral elements of a merchant marine there must also be an organization of industry, trade, and ocean shipping which in turn requires an organization of merchandising, international banking, marine insurance, and ship brokerage. The immediate

necessity requires construction, maintenance, and operation, all of which demands a distinctive policy of ownership as well as operation.

Year by year this sea power continued to perfect her position until she could easily command the overseas trade of the world, which marked her chief activity, not less than 80 per cent of it. On the other hand the United States devoted her energies to domestic development, to her power of production and consumption. Her home market was paramount, and the overseas trade was secondary, and consequently our merchant marine not so important. In due time our productiveness outran our consumption and our overseas trade, both imports and exports, became important. To-day that trade amounts to over \$7,000,000,000, which has shown a very large and steady growth. If it continues to increase in the future as it has in the past, and it doubtless will, our overseas trade is bound to become an increasingly important feature of our country's prosperity, and such as to emphasize the necessity and importance of our carrying trade.

The country will not be satisfied to pursue the policy to leave the delivery of our overseas trade to other countries; not now, especially since we have our war-time built ships of nearly 10,000,000 tonnage. Even before we had built the ships under the stress of war, it had become a well-defined American conviction that both our national defense and commercial necessities demanded an American merchant marine operated under the American flag and by American citizens.

That conviction produced in the Spanish-American War and increased by later incidents was many times deepened by the experience in the World War, too recent and too apparent to call for comment. Our national defense leaves no doubt about our national duty toward a merchant marine.

Then, in addition to this broad general view, the results of the arms conference, which fix the ratio of naval armament, compel notice to the necessity of merchantmen which in war time could and would be converted into auxiliaries. If fighting power in equipment is equal between nations, and one of the powers is vastly superior to the other in merchantmen, equal ratio of naval power is a nullity. The defense necessity leaves us little choice of whether we should be on the sea.

Then a growing country like this with its commerce increasing by leaps and bounds should not languish by its refusal or neglect to embrace its duty to utilize its energies in the direction of the sea. The policy of employing its competitors to carry or deliver its goods is unwise, unnecessary, and short-sighted, especially since we have the ships, the capital, and labor, and all necessary factors to operate a sound business enterprise.

An American merchant marine sufficient to carry our overseas trade will invest millions of American capital in the employment of hundreds of thousands of American laborers in American shipyards for constructive and repair work and on the American-built ships that will float the seven seas. These in turn will make necessary the employment of additional American capital and labor in our mining and manufacturing activities, and in turn will increase the demand for the product of the American farm in the degree that such increase will add to the consumptive power at home and multiply the facilities for getting surplus product to the market abroad. Every step that will increase the employment of our labor will increase the buying power to the country, and to that degree will add to the demand of the product of the American farm. Herein lie the direct benefits of an American merchant marine to the American farmer, no matter in what portion of the country he lives. What he needs after he has raised his crop is to find a market for what he has to sell. This market will consist of the buying power of those not engaged in farming.

An American merchant marine is not alone of value to the people engaged in it. It serves a good purpose to every industry that supplies the necessities for its operation, the farmer no less than the manufacturer.

Whatever might have been our policy in the past of going on the sea, that is not now the question. We are already on the sea. As has been stated here again and again, we have 1,442 steel ships, of which only 338 are actually in operation, leaving 1,104 tied up at the wharves at considerable cost and actually deteriorating.

The construction of these ships by the Government at war prices to meet an emergency left them on our hands when the war ended. Their cost was so enormous that great loss is inevitable, no matter what is done with them. The best possible thing to do with them, it seemed, rather than to junk them or to sacrifice them, was to operate them by the Government in an effort to build up the needed American merchant marine. This policy was an experiment, an experiment that showed a loss of \$200,000,000 per year, an experiment that approaches a scandal of management. The Shipping Board under the present

management undertook to reduce this loss. After a year's most tireless efforts the loss has been reduced to about \$50,000,000 per year, with less than a third of the fleet in use, a loss which does not include repairs or depreciation, and which means that the fleet on such basis of operation will in time be a total loss. This experience shows that there is no better settled fact than that Government operation is not only wickedly wasteful but inefficient in service and woefully deficient in all the elements of business success. Unlike irresponsible political operation, the private owner who bears the loss of inefficient service feels the responsibility of meeting the competition of his rivals in avoiding the losses incident to empty return bottoms by seeking return cargoes. While the responsible private owner is spurred to economize, the Government bears the loss out of the Treasury, as no individual will be made to feel it, since it is paid through general taxation. The fallacy that if the Government pays it no one is hurt is unfortunately widely accepted.

To continue Government operation involves a policy of waste, of unnecessary losses, which would involve the worst sort of subsidy, in that it would be placing burdens upon the Treasury without the return of compensatory results due to effective and efficient service, which can be assured under private responsibility.

Commercially Government operation is a failure. American business abroad as at home depends upon the talent of organization of industry and trade rather than political activity. As business enterprise actuated by the sense of profit and success is primarily individual and private, not governmental, so developing trade abroad is private rather than political. The function of government is to open the way for enterprise and then permit business ability to develop the trade and industry, both at home and abroad, including the merchant marine. Political or governmental ownership and operation of a merchant marine is not to be thought of if it can be avoided.

No further comment against Government operation is needed than the sheer difficulty of discontinuing any Government agency when once created, even for war purposes. Our struggle to dismantle the war machine is comment sufficient upon this fact. It is admitted on all hands that there is a strong paternalistic, socialistic, Government-ownership propaganda now at work among us. The sentiment is here in Congress. The tremendous effort to prevent the return of the railroads to their owners is a mere incident. The argument heard in this debate against subsidy is Government-ownership sentiment clothed in the prejudice against successful business operation. That is a peculiar cycle of thinking which causes certain types of mind to see in every outstanding business success a crime against the people. The achievement of men and women, once the shining examples to whom we called the attention of our youth, under this new cult have now become an object of derision, a level to be shunned rather than to be reached. It is this prejudice that feeds Government-ownership sentiment. I am stressing this phase of this contest because of what it involves.

We are facing a condition which admits of but two alternatives—conceding the unwisdom of abandoning the sea either by scrapping our ships or selling them to foreign countries. The alternatives are either continued Government ownership and operation or some plan as herein proposed in this bill.

To me the first alternative is not to be looked upon with any favor whatever. The second alternative is not only the wiser course but the only one open to us; it is the one successful solution as I see it of a very important problem. It is Government aid to maintain an American merchant marine. Call it a subsidy if you will. That is nothing new. We have given Government aid to the building of the great trunk lines connecting the East with the West. While it was attacked in the same terms we now hear employed in this debate, few, if any, of our citizens will to-day question the wisdom of that policy for developing that undeveloped country. This was a direct subsidy as much as this bill proposes.

We have given Government aid in the hundreds of millions to improvements in rivers and harbors and in the construction of highways. We are in the midst of such policy of internal improvements. It may be of importance to remember that the Democratic Party consistently opposed the platform of internal improvements prior to the Civil War, making its opposition a cardinal principle of action. Since the war Government aid has become a cardinal virtue of the same party and is now sought for all sorts of local interests.

The Republican Party has ever stood for a Government policy of building up and maintaining American industry through a protective tariff. We have protected our labor against the open competition of a cheaper scale of wage to maintain American standards of living. The monuments of this policy are all about us in the awakened industry of the country, where we rank first in all that can be produced by labor. But not so on the

high seas. Our law so effective within our national boundaries is totally impotent on the high seas, open to our competitors as to ourselves. We can say to all countries upon what conditions they may buy and sell within our borders, but not so on the open seas. There their authority is equal to our own. American labor can be secure in its wage scale within the domain of American law, but not beyond that domain. American labor can not be driven from employment by open foreign competition where our law forbids such open competition. But it can and is driven from employment on the open sea where our law does not or can not extend its protection. This is why we maintain our standards within the country and keep our industry going. It is also the reason why we can maintain our coastwise shipping, because we forbid the foreign vessel entering that service.

Did we open that service to the foreign competitor as we are compelled to do on the high seas, we would be driven from the coastwise trade just as we are now driven from the overseas trade or left to the alternative of reducing our labor to the scale of that of our competitor, which is against a sound American policy. The present situation of our merchant marine is a comment upon that fact.

As the purchaser will buy in the cheapest market, so will the shipper ship in the cheapest bottom. As our higher standards and higher costs can not compete with the lower standards and costs of our foreign competitors in manufacturing and agricultural pursuits, neither can American standards of labor compete on the open sea with foreign standards.

Capital announces that it can compete on the sea if our Nation will repeal its navigation restrictive laws designed to maintain American standards on the sea. But our country will decline to abandon our standards. No sensible person will hold that American genius, business acumen, if allowed the freedom to do so unhindered by legal regulations in the employment of labor, could not go on the sea and succeed. If success under the present situation were possible, there is no doubt that we would have had a great American merchant marine. But the higher level of costs prevailing in America made it necessary for us to either reduce our levels to that of our foreign competitors or leave the sea as a merchant-marine power of those competitors. The latter course was inevitable so far as overseas trade went.

Mr. Speaker, during the debate on the tariff we had presented the relative scale of wages between our country and foreign countries. It is not necessary for me now to append a general comparison supplied at that time. The facts are well known to the public, but I will now present comparisons to show the wages paid in the shipping business, both in construction and operation. There have been so many misstatements by the opposition to this bill, tending to show that our scale of wages is not higher than our competitors, that I present these figures comparing our scale with that of England, the highest wage country on the sea outside of our own. I will also add some tables showing the wages of other countries. A glance will show why American shipping is driven from the sea in open competition with the world of cheaper operation:

JULY 26, 1922.

AMERICAN SHIP WAGES.

Steamship "Independence Hall," cargo ship, of Philadelphia (Shipping Board), 5,950 gross tons, 3,976 net tons, oil burner.

EUROPEAN TRADE.

	Pay per month.
1 first mate.....	\$165.00
1 second mate.....	145.00
1 third mate.....	120.00
1 radio operator.....	90.00
1 boatswain.....	65.00
6 able seamen, at \$55.....	330.00
2 ordinary seamen, at \$40.....	80.00
1 chief engineer.....	240.00
1 first assistant engineer.....	165.00
1 second assistant engineer.....	145.00
1 third assistant engineer.....	130.00
3 oilers, at \$65.....	195.00
3 water tenders, at \$65.....	195.00
3 firemen, at \$57.50.....	172.50
2 wipers, at \$50.....	100.00
1 steward.....	105.00
1 cook.....	90.00
1 baker.....	70.00
3 mess boys, at \$35.....	105.00
34 Total pay per month.....	2,707.50

JULY 28, 1922.

AMERICAN SHIP WAGES.

Steamship "Luzpalle," cargo ship, of Philadelphia (Shipping Board), 4,929 gross tons, 3,951 net tons, oil burner.

EUROPEAN TRADE.

	Pay per month.
1 First mate.....	\$165.00
1 Second mate.....	145.00
1 Third mate.....	130.00

	Pay per month.
1 Radio operator.....	\$90.00
1 Boatswain.....	70.00
5 Able seamen, at \$55.....	275.00
2 Ordinary seamen, at \$40.....	80.00
1 Chief engineer.....	240.00
1 First assistant engineer.....	165.00
1 Second assistant engineer.....	145.00
1 Third assistant engineer.....	130.00
3 Oillers, at \$65.....	195.00
2 Water tenders, at \$65.....	130.00
3 Firemen, at \$57.50.....	172.50
2 Wipers, at \$50.....	100.00
1 Steward.....	105.00
1 Cook.....	90.00
1 Second cook and baker.....	70.00
3 Mess boys, at \$35.....	105.00
32 Total pay per month.....	2,602.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, September 11, 1922.

BRITISH SHIP WAGES.

Steamship Matoppe, cargo ship, of London (Ellerman & Bucknall Steamship Co. (Ltd.)), 5,280 gross tons, 3,420 net tons, coal burner.

SOUTH AFRICAN TRADE.

	British money per month.	American money per month.
1 First mate.....	£ 24 10	\$109.27
1 Second mate.....	21 0	93.66
1 Third mate.....	17 10	78.05
1 Radio operator.....	0 1	.22
1 Second radio operator.....	0 1	.22
1 Carpenter.....	14 10	64.67
1 Boatswain.....	13 10	60.21
7 Able seamen, at £12 6s.....	86 2	@\$54.84=383.88
1 Able seaman.....	12 0	53.52
1 do.....	10 4	45.48
2 Able seamen, at £10.....	20 0	@\$44.60=89.20
1 Ordinary seaman.....	5 10	24.53
1 Chief engineer.....	35 10	158.33
1 First assistant engineer.....	26 10	118.19
1 Second assistant engineer.....	21 10	95.89
1 Third assistant engineer.....	17 10	78.05
1 Fourth assistant engineer.....	16 10	73.59
1 Chief steward.....	16 10	73.59
25 Total.....	358 18	1,600.55
LASCARS—DECK DEPARTMENT		
4 Quartermasters (seacanny), at 55 rupees.....	220	@15.95=35.00
1 Serang (boatswain).....	60	17.40
1 Tindal (second boatswain).....	37	10.73
1 Cassab.....	30	8.70
4 Sailors, at 25 rupees.....	100	@7.25=72.50
4 Sailors, at 22 rupees.....	88	@6.38=56.32
4 Sailors, at 21 rupees.....	84	@5.00=42.00
1 Sailor.....	20	5.80
1 Bhandary.....	25	7.25
1 Tapass.....	22	6.38
22 Total.....	685	198.94
47 Carried forward (American money).....		1,799.49

1 Balance paid by Marconi Co.

Steamship "Swazi," cargo ship, of London (Ellerman & Bucknall Steamship Co. (Ltd.)), 4,940 gross tons, 3,174 net tons, coal burner.

EAST INDIA TRADE.

	British money per month.	American money per month.
1 First mate.....	£ 20 10	\$91.23
1 Second mate.....	16 10	73.43
1 Third mate.....	13 0	57.85
1 Radio operators, at £1.....	2 0	@\$4.45=8.90
1 Chief engineer.....	28 10	126.83
1 Second engineer.....	22 10	100.13
1 Third engineer.....	16 10	73.43
1 Fourth engineer.....	13 0	57.85
1 Fifth engineer.....	12 0	53.40
1 Steward.....	14 10	64.53
11 Total.....	150 0	707.58
LASCARS—DECK DEPARTMENT.		
1 Fourth mate (serang).....	75	22.50
1 Boatswain (tindal).....	46	13.80
1 Second boatswain.....	37	11.10
1 Winchman.....	36	10.80
1 Carpenter.....	120	36.00
4 Quartermasters (seacanny), at 60 rupees.....	276	@20.70=57.80
4 Seamen, at 28 rupees.....	124	@9.30=115.32
4 Seamen, at 24 rupees.....	112	@8.40=94.08
2 Seamen, at 25 rupees.....	50	@7.50=37.50

1 Balance paid by Marconi Company.

Steamship "Swazi," cargo ship, of London, etc.—Continued.
EAST INDIA TRADE—continued.

	British money per month.	American money per month.
LASCARS—DECK DEPARTMENT—continued.		
3 Seamen, at 22 rupees.....	66	@\$6.60=\$19.80
1 Storekeeper.....	36	10.80
23 Total.....	978	293.40
LASCARS—ENGINE DEPARTMENT.		
1 Serang.....	75	22.50
1 Tindal.....	44	13.20
1 Second tindal.....	37	11.10
2 Donkeymen, at 35 rupees.....	70	@10.50=21.00
3 Oilers, at 32 rupees.....	96	@9.60=28.80
13 Firemen, at 30 rupees.....	390	@9.00=117.00
15 Trimmers, at 24 rupees.....	360	@7.20=108.00
1 Casab.....	35	10.50
37 Total.....	1,107	332.10
71 Carried forward (American money).....		1,333.08
LASCARS—ENGINE DEPARTMENT.		
1 Serang.....	60	17.40
1 Tindal.....	35	10.15
1 Second tindal.....	30	8.70
2 Donkeymen, at 28 rupees.....	56	@8.12=16.24
3 Greasers, at 26 rupees.....	78	@7.54=22.62
12 Firemen, at 23 rupees.....	276	@6.67=80.04
9 Coal passers, at 18 rupees.....	162	@5.22=46.98
1 Bhandary.....	25	7.25
30 Total.....	722	209.38
LASCARS—STEWARD'S DEPARTMENT.		
1 Cook.....	75	21.75
1 Second cook.....	40	11.60
4 Waiters, at 35 rupees.....	140	@10.15=40.60
1 Pantryman.....	35	10.15
1 Mess boy.....	34	9.86
1 Cassab.....	28	8.12
9 Total.....	352	102.08
86 Total pay per month.....		2,110.95
Pound sterling=\$4.45. Rupee=29 cents.		
LASCARS—STEWARD'S DEPARTMENT.		
1 Steward.....	90	27.00
1 Chief cook.....	85	25.50
1 Second cook.....	45	13.50
1 Pantryman.....	45	13.50
1 Messroom boy.....	35	10.50
3 Galleyman, at 30 rupees.....	90	@9=27.00
1 Messman.....	35	10.50
1 Tapass.....	29	8.70
10 Total.....	454	136.20
81 Total pay for month.....		1,469.28

Pound sterling=\$4.45.
Rupee=30 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 5, 1922.

AMERICAN SHIP WAGES.

Steamship "Bantu," cargo ship, of New York, 4,299 gross tons, 2,635 net tons, coal burner.

SOUTH AFRICAN TRADE.

	Pay per month.
1 first mate.....	\$165
1 second mate.....	140
1 third mate.....	125
1 junior third mate.....	75
1 radio operator.....	90
1 carpenter.....	70
1 boatswain.....	65
6 able seamen, at \$50.....	300
2 ordinary seamen, at \$47.50.....	95
1 chief engineer.....	285
1 first assistant engineer.....	165
1 second assistant engineer.....	140
1 third assistant engineer.....	125
1 junior engineer.....	70
1 storekeeper.....	55
3 deck engineers and oilers, at \$55.....	165
12 firemen and coal passers, at \$50.....	600
1 steward.....	105
1 cook.....	90
1 second cook.....	70
3 messmen, at \$40.....	120
4 mess boys, at \$30.....	120
46 Total pay per month.....	3,235

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 10, 1922.

BRITISH SHIP WAGES.

Steamship "Bonny," cargo liner, of Liverpool, 4,229 gross tons, 2,635 net tons, coal burner.

[In trade between New York and West Coast of Africa.]

	British pay per month.	American pay per month.
1 First mate.....	£ 23 10	\$104.58
1 Second mate.....	20 00	89.00
1 Third mate.....	17 10	77.88
1 Radio operator.....		
2 Radio watchers.....		
1 Boatswain.....	13 0	57.85
1 Carpenter.....	14 10	64.53
8 Able seamen, at £12.....	96 0	@53.40=427.20
2 Ordinary seamen, at £10.....	20 0	@44.50=89.00
1 Chief engineer.....	26 10	117.93
1 First assistant engineer.....	23 10	101.58
1 Second assistant engineer.....	22 10	100.13
1 Third assistant engineer.....	20 10	91.23
1 Fireman.....	13 0	57.85
6 Firemen, at £12 10s.....	75 0	@55.63=333.78
3 Oilers, at £13.....	39 0	@57.85=173.55
5 Trimmers, at £12.....	60 0	@53.40=267.00
1 Steward.....	16 10	73.43
1 Second steward.....	11 5	50.06
1 Cook.....	15 10	68.98
1 Second cook.....	11 10	51.18
2 Messmen, at £7 10s.....	15 0	@33.38=66.76
43 Total wages per month.....	554 5	2,466.50

These are base wages and do not include advances for length of service—deck and engineer officers credited with superior rating. Members of ship's company injured or ill through causes connected with the service are carried at full pay until restored to duty. Insurance about 3 per cent above ordinary, on account of tropical service, paid by company. Present crew signed on for two years at rate current prior to recent reduction and receiving that pay. Articles have 8 months yet to run.
Pound sterling=\$4.45.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 12, 1922.

Comparison of pay rolls, American and Belgian cargo steamers, North Atlantic trade.

AMERICAN STEAMER "BIRD CITY."

(Shipping Board, 5,562 gross tons, 3,434 net tons, oil burner.)

	Pay per month.
1 captain.....	\$270.00
1 first mate.....	165.00
1 second mate.....	145.00
1 third mate.....	130.00
1 radio operator.....	90.00
1 boatswain.....	65.00
6 able seamen, at \$55.....	330.00
2 ordinary seamen, at \$40.....	80.00
1 chief engineer.....	240.00
1 first assistant engineer.....	165.00
1 second assistant engineer.....	145.00
1 third assistant engineer.....	130.00
3 oilers, at \$65.....	195.00
3 water tenders, at \$65.....	195.00
3 firemen, at \$57.50.....	172.50
1 steward.....	105.00
1 cook.....	90.00
1 second cook.....	70.00
3 mess boys, at \$35.....	105.00
33 Total pay per month.....	2,887.50

BELGIAN STEAMER.

(5,228 gross tons, 3,227 net tons, coal burner.)

	Pay per month.
1 captain.....	\$109.56
1 first mate.....	63.70
1 second mate.....	58.24
1 third mate.....	50.96
1 radio operator (paid by Marconi Co.).....	38.70
1 boatswain.....	31.85
6 able seamen, at \$27.....	162.00
1 deck boy.....	11.00
1 chief engineer.....	87.36
1 first assistant engineer.....	58.24
1 second assistant engineer.....	50.96
1 third assistant engineer.....	50.96
1 deck engineer.....	31.81
2 oilers, at \$30.58.....	61.16
12 firemen (includes firemen, coal passers, and wipers, all at the same rate), at \$29.12.....	349.44
1 steward.....	43.68
2 second stewards, at \$29.12.....	58.24
1 cook.....	43.68
1 second cook.....	30.58
2 cadets.....	
39 Total pay per month.....	1,392.12

On basis of 12 Belgian francs equals \$1.
The American steamer and the Belgian steamer both arrived at New York in foreign commerce August 12, 1922.

It is to be observed that the American steamer, though an oil burner, and consequently carrying fewer men, has a wage scale more than twice the amount of the wage scale of the Belgian steamer.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 17, 1922.

Comparison of pay rolls, American and Belgian cargo ships, European trade.

AMERICAN STEAMER "EASTPORT."

(Shipping Board, 4,385 gross tons, 2,705 net tons, coal burner.)

	Pay per month.
1 captain	\$265.00
1 first mate	165.00
1 second mate	140.00
1 third mate	125.00
1 radio operator	90.00
1 boatswain	65.00
4 able seamen, at \$55	220.00
2 ordinary seamen, at \$40	80.00
1 chief engineer	230.00
1 first assistant engineer	160.00
1 second assistant engineer	140.00
1 third assistant engineer	125.00
3 oilers, at \$65	195.00
6 firemen, at \$57.50	345.00
4 coal passers, at \$50	200.00
1 steward and cook	105.00
1 second steward and cook	70.00
3 messboys, at \$35	105.00
33 Total pay per month	2,560.00

BELGIAN STEAMER.

(5,216 gross tons, 3,171 net tons, coal burner.)

	Pay per month.
1 captain	\$109.56
1 first mate	63.70
1 second mate	58.24
1 third mate	50.96
1 radio operator	38.70
1 boatswain	31.85
6 able seamen, at \$27	162.00
1 deck boy	11.00
1 chief engineer	87.36
1 first assistant engineer	58.24
1 second assistant engineer	50.96
1 third assistant engineer	50.96
1 deck engineer	31.81
2 oilers, at \$30.58	61.16
12 firemen (firemen include coal passers, etc., all receiving the same pay), at \$29.12	349.44
1 steward	43.68
2 second stewards, at \$29.12	58.24
1 cook	43.68
1 second cook	30.58
4 cadets	
41 Total pay for month	1,392.12

On basis of 12 Belgian francs equals \$1.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 12, 1922.

Comparison of pay rolls, American and Danish cargo steamers, North Atlantic trade.

AMERICAN STEAMER "CANANOVA."

(1,920 gross tons, 1,055 net tons, oil burner.)

	Pay per month.
1 first mate	\$140.00
1 second mate	125.00
1 third mate	105.00
1 radio operator	90.00
1 boatswain	55.00
5 able seamen, at \$47.50	237.50
1 chief engineer	260.00
1 first assistant engineer	140.00
1 second assistant engineer	125.00
1 third assistant engineer	105.00
3 oilers, at \$50	150.00
3 firemen, at \$50	150.00
1 steward-cook	100.00
1 second steward	65.00
2 messmen, at \$32.50	65.00
1 messboy	26.50
25 Total pay per month	1,939.00

DANISH STEAMER "BORGLUM."

(1,909 gross tons, 1,169 net tons, coal burner.)

	Pay per month.
1 first mate	\$155
1 second mate	115
1 third mate	80
1 radio operator	77
1 boatswain	50
1 carpenter	41
6 able seamen, at \$36	216
1 chief engineer	190
1 first assistant engineer	155
1 second assistant engineer	120
1 third assistant engineer	80
3 firemen, at \$37	111
2 coal passers, at \$37	74
1 steward	99
1 cook	50
2 messboys, at \$20	40
25 Total pay per month	1,653

On basis of 1 krone equals 20 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 12, 1922.

DANISH SHIP WAGES.

Steamship "Katonia," cargo ship, of Copenhagen, 2,624 gross tons, 1,663 net tons, coal burner.

NORTH ATLANTIC TRADE.

	Danish kroner per month.	American money per month.
1 First mate	725	\$145
1 Second mate	575	115
1 Radio operator	385	77
1 Boatswain	250	50
1 Carpenter	205	41
6 Able seamen, at 180 kroner	1,080	@36=216
1 Chief engineer	950	190
1 Second engineer	725	145
1 Third engineer	600	120
3 Firemen, at 185 kroner	555	@37=111
2 Coal passers, at 185 kroner	370	@37= 74
1 Steward	495	99
1 Cook	250	50
2 Messboys, at 100 kroner	200	@20= 40
23 Total pay per month	7,365	1,473

NOTE.—In addition to this pay every member of the crew is insured, in a sum proportionate to his wages, the owners paying the premiums.
1 krone equals 20 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 14, 1922.

Comparison of pay rolls, American and Danish cargo steamers, North Atlantic and West Indian trade.

AMERICAN STEAMER "CATHERINE."

(2,130 gross tons, 1,289 net tons; coal burner.)

	Pay per month.
1 first mate	\$150
1 second mate	130
1 third mate	110
1 radio operator	90
1 carpenter	65
6 able seamen, at \$42	252
1 chief engineer	255
1 first assistant engineer	150
1 second assistant engineer	130
3 oilers, at \$55	165
6 firemen, at \$45	270
3 coal passers, at \$30	90
1 steward	105
1 cook	90
1 second cook	65
1 utility man	50
1 messman	35
1 mess boy	30
32 Total pay per month	2,232

DANISH STEAMER "BORGLUM."

(1,909 gross tons, 1,169 net tons; coal burner.)

	Pay per month.
1 first mate	\$155
1 second mate	115
1 third mate	80
1 radio operator	77
1 boatswain	50
1 carpenter	41
6 able seamen, at \$36	216
1 chief engineer	190
1 first assistant engineer	155
1 second assistant engineer	120
1 third assistant engineer	80
3 firemen, at \$37	111
2 coal passers, at \$37	74
1 steward	99
1 cook	50
2 mess boys, at \$20	40
25 Total pay per month	1,653

On basis of 1 krone equals 20 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 25, 1922.

SWEDISH SHIP WAGES.

Steamship "Karlstick," cargo ship, of Norrköping, 2,373 gross tons, 1,399 net tons, coal burner.

MEDITERRANEAN TRADE.

	Swedish kroner per month.	American money per month.
1 Captain	720	\$190.80
1 First mate	400	106.00
1 Second mate	330	87.45
1 Third mate	205	54.33
1 Radio operator		
1 Boatswain	195	51.68
1 Carpenter	195	51.68

1 Radio operator paid by State.

SWEDISH SHIP WAGES—Continued.

Steamship "Karlsвик," cargo ship, of Noorkoping, etc.—Continued.

MEDITERRANEAN TRADE—continued.

		Swedish kroner per month.	American money per month.
2	Able seamen, at 160 kroner.....	320	@\$42.40=\$54.80
1	Ordinary seaman.....	130	34.45
1	do.....	110	29.15
1	Boy.....	70	18.55
1	do.....	60	15.90
1	Chief engineer.....	480	127.20
1	First assistant engineer.....	295	78.18
1	Second assistant engineer.....	220	58.30
1	Donkeyman.....	185	49.03
1	Oiler.....	170	45.05
3	Firemen, at 160 kroner.....	480	@42.40=127.20
2	Coal passers, at 110 kroner.....	220	@29.15=58.30
1	Steward.....	280	74.20
1	Cook.....	195	51.68
1	Mess boy.....	30	7.95
26	Total pay per month.....	5,290	1,401.88

1 krone=26.5 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 25, 1922.

SWEDISH SHIP WAGES.

Steamship "Tasmanic," cargo ship, of Gothenberg, 4,079 gross tons, 2,530 net tons, coal burner.

NORTH AMERICAN AND SOUTH AMERICAN TRADE.

		Swedish kroner per month.	American money per month.
1	Captain.....	870	\$230.55
1	First mate.....	430	113.95
1	Second mate.....	330	87.45
1	Third mate.....	250	66.25
1	Radio operator ¹	185	49.03
1	Boatswain.....	185	49.03
1	Carpenter.....	185	49.03
4	Able seamen, at 160 kroner.....	640	@42.40=169.60
1	Ordinary seaman.....	120	31.80
1	do.....	110	29.15
2	Boys, at 70 kroner.....	140	@18.55=37.10
1	Chief engineer.....	580	153.70
1	First assistant engineer.....	345	91.43
1	Second assistant engineer.....	270	71.55
1	Junior engineer.....	210	55.65
2	Oilers, at 170 kroner.....	340	@44.05=90.10
2	Firemen, at 160 kroner.....	960	@42.40=254.40
3	Coal passers, at 110 kroner.....	330	@29.15=87.45
1	Steward.....	310	82.15
1	Cook.....	205	54.33
1	Second cook.....	125	33.13
1	Messboy.....	70	18.55
1	do.....	45	11.93
35	Total pay per month.....	7,050	1,868.28

¹ Radio operator paid by State.

1 krone=26.5 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
11 Broadway, New York, August 19, 1922.

AMERICAN SHIP WAGES.

Steamship "Norlina," cargo ship, of New York, 4,596 gross tons, 2,840 net tons, oil burner.

EUROPEAN TRADE.

EUROPEAN TRADE.		Pay per month.
1	first mate.....	\$135.00
1	second mate.....	115.00
1	third mate.....	95.00
1	radio operator.....	90.00
1	carpenter.....	55.00
1	boatswain.....	50.00
6	able seamen, at \$45.....	270.00
2	ordinary seamen, at \$40.....	80.00
1	chief engineer.....	185.00
1	first assistant engineer.....	135.00
1	second assistant engineer.....	115.00
1	third assistant engineer.....	95.00
3	oilers, at \$50.....	150.00
3	firemen, at \$47.50.....	142.50
2	wipers, at \$40.....	80.00
1	steward.....	95.00
1	cook.....	80.00
1	galley boy.....	45.00
8	messmen, at \$40.....	120.00
32	Total pay per month.....	2,132.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, September 2, 1922.

BRITISH SHIP WAGES.

Steamship "Kazembe," cargo ship, of North Shields (Ellerman & Bucknall Steamship Co. (Ltd.)), 4,676 gross tons, 2,938 net tons, coal burner.

EAST INDIA TRADE.

	British money per month.	American money per month.
1 First mate.....	£ 21 10	\$95.89
1 Second mate.....	18 0	80.28
1 Third mate.....	14 10	64.67
1 Radio operator.....	1 0	4.46
1 Chief engineer.....	30 10	136.03
1 First assistant engineer.....	23 10	104.81
1 Second assistant engineer.....	18 0	80.23
1 Third assistant engineer.....	14 10	64.67
1 Fourth assistant engineer.....	13 10	60.21
1 Carpenter.....	13 0	57.98
1 Chief steward.....	15 0	66.90
1 Apprentices.....		
15	Total.....	183 0 816.18
LASCARS—DECK DEPARTMENT.		
4 Quartermasters (seacanny), at 55 rupees.....	220	@\$15.95=\$35.80
1 Boatswain (serang).....	60	17.40
1 First mate (tindal).....	37	10.73
1 Second mate (tindal).....	30	8.70
1 Cassab.....	30	8.70
1 Winchman.....	28	8.12
4 Seamen, at 25 rupees.....	100	@7.25=29.00
2 Seamen, at 23 rupees.....	46	@6.67=13.34
1 Seaman.....	22	6.38
3 Seamen, at 20 rupees.....	60	@5.80=17.40
2 Seamen, at 18 rupees.....	36	@5.22=10.44
1 Tapass (cleaner).....	22	6.38
22	Total.....	691 200.39
37	Carried forward (American money).....	1,016.57
LASCARS—ENGINE DEPARTMENT.		
1 Serang.....	60	17.40
1 First tindal.....	35	10.15
1 Second tindal.....	30	8.70
1 Third tindal.....	28	8.12
1 Cassab.....	28	8.12
3 Donkeymen and oilers, at 28 rupees.....	84	@8.12=24.36
12 Firemen, at 23 rupees.....	276	@6.67=80.04
6 Trimmers, at 18 rupees.....	108	@5.22=31.32
26	Total.....	649 188.21
Hongkong dollars per month.		
1 Fireman.....	25	13.50
1 Storekeeper.....	25	13.50
2	Total.....	50 27.00
LASCARS—STEWARD'S DEPARTMENT.		
1 Cook.....	75	21.75
1 Second cook.....	40	11.60
1 Pantryman.....	34	9.86
5 Boys, at 34 rupees.....	170	@9.86=49.30
8	Total.....	319 92.51
73	Total pay per month.....	1,324.29

¹ Balance paid by Marconi Co.² Stand wireless watches.

Pound sterling=\$4.46.

Rupee=29 cents.

Hongkong dollar=54 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 27, 1922.

BRITISH SHIP WAGES.

Steamship "Rossia," cargo ship, of Liverpool, 4,576 gross tons, 2,879 net tons, coal burner.

	British money per month.	American money per month.
1 First mate.....	£ 22 10	\$100.13
1 Second mate.....	16 10	73.43
1 Third mate.....	13 0	57.85
1 Radio operator.....	1 0	4.45
1 Boatswain.....	11 10	51.18
1 Carpenter.....	12 10	55.63
6 Able seamen, at £10.....	60 0	@\$14.50=267.00

¹ Paid by Marconi Co.

BRITISH SHIP WAGES—Continued.
Steamship "Rossia," cargo ship, of Liverpool, etc.—Continued.

	British money per month.	American money per month.
	£ s.	
1 Boy.....	5 10	\$24.48
1 do.....	7 0	31.15
1 Chief engineer.....	23 10	104.58
1 Second engineer.....	20 10	91.23
1 Third engineer.....	16 0	71.20
1 Fourth engineer.....	13 0	57.85
1 Donkeyman.....	11 10	51.18
3 Oilers, at £11.....	33 0	@\$48.95=146.85
9 Firemen and trimmers, at £10 10s.....	94 10	@46.73=420.57
1 Steward.....	14 10	64.54
1 Cook.....	13 10	60.08
1 Second steward.....	8 10	37.83
1 Second cook.....	8 10	37.83
1 Third steward and cook.....	7 0	31.15
36 Total pay per month.....	413 10	1,840.19

Pound sterling=\$4.45.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 20, 1922.

DUTCH SHIP WAGES.

Steamship "Alcor," cargo ship, of Rotterdam, 3,551 gross tons, 2,171 net tons, coal burner.
NORTH ATLANTIC TRADE.

	Dutch florins per month.	American money per month.
1 First mate.....	270	\$108.00
1 Second mate.....	195	78.00
1 Third mate.....	130	52.00
1 Radio operator.....	0.1	.04
1 Boatswain.....	130	52.00
3 Able seamen, at 115 florins.....	345	@\$46.00=138.00
2 Ordinary seamen, at 65 florins.....	130	@26.00=52.00
1 Chief engineer.....	335	134.00
1 First assistant engineer.....	230	92.00
1 Second assistant engineer.....	165	66.00
1 Third assistant engineer.....	80	32.00
1 Deck engineer.....	130	52.00
1 Oiler.....	130	52.00
6 Firemen, at 120 florins.....	720	@48.00=288.00
3 Coal passers, at 100 florins.....	300	@40.00=120.00
1 Steward.....	170	68.00
1 Cook.....	160	64.00
1 Second cook.....	50	20.00
2 Mess boys, at 60 florins.....	120	@24.00=48.00
1 Utility man.....	40	16.00
31 Total pay per month.....	3,830.1	1,532.04

¹ Balance paid by Radio Co. of Holland.

NOTE.—A semiofficial wage board, in which the Dutch Government, the ship-owners, and the officers and men are represented, fixes a minimum wage for all ratings, but has no power to enforce its decisions. Companies pay more or less than the minimum rate as they see fit. Some Dutch companies pay a bonus, but the amount is stated to be merely nominal. Age and length of service count for much in fixing the wages of both officers and men.

1 florin = 40 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 12, 1922.

DUTCH SHIP WAGES.

Steamship "Bavecan," cargo liner, of Amsterdam, 6,478 gross tons, 4,177 net tons, coal burner.
DUTCH EAST INDIA TRADE.

	Dutch florins per month.	American money per month.
1 First mate.....	320	\$128.00
1 Second mate.....	240	96.00
1 Third mate.....	170	68.00
1 Radio operator.....	170	68.00
1 Boatswain.....	175	70.00
1 Second boatswain.....	155	62.00
1 Carpenter.....	175	70.00
7 Able seamen, at 130 florins.....	910	@\$52.00=364.00
1 Ordinary seaman.....	75	30.00
1 Apprentice.....	45	18.00
1 do.....	30	12.00
1 Chief engineer.....	475	190.00
1 First assistant engineer.....	320	128.00
1 Second assistant engineer.....	240	96.00
1 Third assistant engineer.....	170	68.00
1 Deck engineer.....	100	40.00
1 Fireman (leader).....	120	48.00
1 do.....	110	44.00

¹ Radio operator also receives 20 florins (\$8) monthly when ship is in port and he eats ashore.

² Chinese.

DUTCH SHIP WAGES—Continued.
Steamship "Bavecan," cargo liner, of Amsterdam, etc.—Continued.
DUTCH EAST INDIA TRADE—continued.

	Dutch florins per month.	American money per month.
1 Fireman (leader).....	105	\$42.00
1 do.....	100	40.00
15 Firemen, at 100 florins.....	1,500	@\$40.00=600.00
2 Oilers, at 105 florins.....	210	@42.00=84.00
1 Steward.....	190	76.00
1 Cook.....	150	60.00
1 Second cook.....	90	36.00
1 Third cook.....	75	30.00
1 Mess boy.....	37	14.80
1 do.....	32	12.80
12 Mess boys, at 27 florins.....	54	@10.80=21.60
51 Total pay per month.....	6,543	2,617.20

¹ Chinese.

NOTE.—A semiofficial wage board, in which the Dutch Government, the ship-owners, and the officers and men are represented, fixes a minimum wage for all ratings but has no power to enforce its decisions. Companies pay more or less than the minimum rate as they see fit. Some Dutch companies pay a bonus, but the amount is stated to be merely nominal. Age and length of service count for much in fixing the wages of both officers and men.

1 florin=40 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 17, 1922.

DUTCH SHIP WAGES.

Steamship "Britsum," cargo ship, of Amsterdam, 2,088 gross tons, 1,305 net tons, coal burner.
EUROPEAN TRADE.

	Dutch florins, monthly.	American money, monthly.
1 First mate.....	288	\$115.20
1 Second mate.....	198	79.20
1 Third mate.....	153	61.20
1 Radio operator.....	0.1	.04
1 Boatswain.....	135	54.00
3 Able seamen, at 130 florins.....	390	@\$52.00=156.00
1 Apprentice.....	75	30.00
1 do.....	50	20.00
1 Ordinary seaman.....	115	46.00
1 Chief engineer.....	410	164.00
1 First assistant engineer.....	243	97.20
1 Second assistant engineer.....	160	64.00
1 Third assistant engineer.....	90	36.00
1 Junior third engineer.....	70	28.00
2 Firemen, at 135 florins.....	270	@\$40.00=108.00
2 Firemen, at 120 florins.....	240	@48.00=96.00
1 Deck engineer.....	145	58.00
1 Coal passer.....	115	46.00
1 do.....	110	44.00
2 Coal passers, at 90 florins.....	180	@36.00=72.00
1 Steward and cook.....	150	60.00
1 Second steward and cook.....	50	20.00
1 Utility man.....	35	14.00
1 Messman.....	40	16.00
1 Messboy.....	35	14.00
30 Total pay per month.....	3,753	1,501.40

¹ Paid by Radio Co. of Holland, on basis of 1 florin=40 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
11 Broadway, New York, September 5, 1922.

DUTCH SHIP WAGES.

Steamship "Madiocn," cargo ship, of Rotterdam (Rotterdam Lloyd), 6,803 gross tons, 4,300 net tons, coal burner.
EAST INDIA TRADE.

	Dutch florins per month.	American money per month.
1 First mate.....	320	\$124.80
1 Second mate.....	210	81.90
1 Third mate.....	170	66.30
1 Fourth mate.....	100	39.00
1 Radio operator.....	1	.39
1 Boatswain.....	160	62.40
1 Carpenter.....	145	56.55
1 Lampman.....	120	46.80
7 Able seamen, at 115 florins.....	805	@\$44.85=313.95
1 Ordinary seaman.....	68	26.52
1 Chief engineer.....	475	185.25
1 First assistant engineer.....	270	105.30
1 Second assistant engineer.....	185	72.15
1 Third assistant engineer.....	160	62.40
1 Junior assistant.....	120	46.80

¹ Balance paid by Government—not a charge to ship.

DUTCH SHIP WAGES—Continued.

Steamship "Madioen," cargo ship, of Rotterdam, etc.—Continued.
EAST INDIA TRADE—continued.

		Dutch florins per month.	American money per month.
2	Junior assistants, at 100 florins.....	200	@\$39.00=\$78.00
13	Oilers, at 95 florins.....	285	@\$37.05=\$111.15
11	No. 1 fireman.....	110	42.90
11	No. 2 fireman.....	100	39.00
11	No. 3 fireman.....	95	37.05
11	No. 4 fireman.....	95	37.05
18	Firemen and trimmers, at 90 florins.....	1,620	@\$35.10=\$561.80
1	Steward.....	150	58.50
1	Cook.....	160	62.40
1	Second cook.....	80	31.20
3	Messboys, at 30 florins.....	90	@\$11.70=\$35.10
2	Messboys, at 26 florins.....	52	@\$10.14=\$20.28
1	Messboy.....	27	10.53
57	Total pay per month.....	6,373	2,455.47

¹ Chinese.

1 florin=39 cents.

NOTE.—A semi-official wage board, in which the Dutch Government, the ship-owners, and the officers and men are represented, fixes a minimum wage for all ratings but has no power to enforce its decisions. Companies pay more or less than the minimum rate as they see fit. Some Dutch companies pay a bonus, but the amount is stated to be merely nominal. Age and length of service count for much in fixing the wages of both officers and men.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,

New York.

DUTCH SHIP WAGES.

Steamship "Ootmarsum," cargo ship, of Amsterdam, 3,684 gross tons,
2,208 net tons, oil burner.

(Arrived at New York, Sept. 5, 1922, with coal from Swansea.)

		Dutch florins per month.	American money per month.
1	First mate.....	217	\$84.63
1	Second mate.....	195	76.05
1	Third mate.....	130	50.70
1	Boatswain.....	130	50.70
5	Able seamen, at 115 florins.....	575	@\$44.85=\$254.25
1	Ordinary seaman.....	65	25.35
1	Deck boy.....	25	9.75
1	Chief engineer.....	375	140.25
1	First assistant.....	255	99.45
1	Second assistant.....	165	64.35
1	Apprentice.....	110	42.90
1	do.....	90	35.10
3	Firemen, at 120 florins.....	360	@\$46.80=\$168.40
1	Wiper.....	90	35.10
1	Steward.....	90	35.10
1	Cook.....	160	62.40
1	Second cook.....	40	15.60
1	Mess boy.....	40	15.60
1	Donkeyman.....	130	50.70
25	Total pay per month.....	3,242	1,264.38

1 florin=39 cents.

NOTE.—A semi-official wage board, in which the Dutch Government, the ship-owners, and the officers and men are represented, fixes a minimum wage for all ratings but has no power to enforce its decisions. Companies pay more or less than the minimum rate as they see fit. Some Dutch companies pay a bonus, but the amount is stated to be merely nominal. Age and length of service count for much in fixing the wages of both officers and men.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,

New York, August 8, 1922.

DUTCH SHIP WAGES.

Steamship "Palembang," cargo liner, of Rotterdam, 7,081 gross tons,
4,499 net tons, oil burner.

DUTCH EAST INDIA TRADE.

		Dutch florins per month.	American money per month.
1	First mate.....	335	\$134.00
1	Second mate.....	240	96.00
1	Third mate.....	170	68.00
1	Fourth mate.....	120	48.00
1	Radio operator.....	170	68.00
1	Boatswain.....	185	74.00
1	Carpenter.....	160	64.00
1	Able seaman (leader).....	135	54.00
7	Able seamen, at 130 florins.....	910	@\$52.00=\$473.00
1	Ordinary seaman.....	75	30.00
1	Chief engineer.....	475	190.00
1	First assistant engineer.....	300	120.00
1	Second assistant engineer.....	200	80.00
1	Third assistant engineer.....	160	64.00

DUTCH SHIP WAGES—Continued.

Steamship "Palembang," cargo liner, of Rotterdam, etc.—Continued.
DUTCH EAST INDIA TRADE—continued.

		Dutch florins per month.	American money per month.
13	Oilers, at 105 florins.....	315	@\$42.00=\$126.00
11	Fireman (leader).....	125	50.00
11	do.....	115	46.00
11	do.....	110	44.00
11	do.....	105	42.00
18	Ordinary firemen, at 102 florins.....	1,836	@\$40.80=\$744.40
1	Steward.....	175	70.00
1	Cook.....	175	70.00
1	First assistant cook.....	90	36.00
11	Second assistant cook.....	60	24.00
1	Messboy.....	37	14.80
1	do.....	32	12.80
12	Messboys, at 27 florins.....	54	@\$10.80=\$21.60
53	Total pay per month.....	6,864	2,745.60

¹ Chinese.

NOTE.—The 18 firemen include water tenders, wipers, etc.

NOTE.—A semi-official wage board, in which the Dutch Government, the ship-owners, and the officers and men are represented, fixes a minimum wage for all ratings but has no power to enforce its decisions. Companies pay more or less than the minimum rate as they see fit. Some Dutch companies pay a bonus, but the amount is stated to be merely nominal. Age and length of service count for much in fixing the wages of both officers and men.

1 florin=40 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,

New York, September 4, 1922.

DUTCH SHIP WAGES.

Steamship "Vecndyk," cargo ship, of Rotterdam (Holland-American
Line), 6,557 gross tons, 4,262 net tons, coal burner.

NORTH ATLANTIC TRADE.

		Dutch florins per month.	American money per month.
1	First mate.....	288	\$112.32
1	Second mate.....	216	84.24
1	Third mate.....	153	59.67
1	Fourth mate.....	108	42.12
2	Apprentices, at 54 florins.....	108	@\$21.06=\$22.78
2	Radio operators, at 1 florin.....	2	.78
1	Boatswain.....	145	56.55
1	Carpenter.....	145	56.55
4	Quartermasters, at 135 florins.....	540	@\$52.65=\$284.34
8	Able seamen, at 130 florins.....	1,040	@\$50.70=\$527.28
1	Chief engineer.....	405	157.95
1	First assistant.....	270	105.30
1	Second assistant.....	198	77.20
1	Third assistant.....	153	59.67
2	Junior assistants, at 72 florins.....	144	@\$28.08=\$40.51
1	Fireman.....	145	56.55
3	Oilers, at 142½ florins.....	427½	@\$55.58=\$237.74
22	Firemen and trimmers, at 135 florins.....	2,970	@\$52.65=\$156.30
1	Steward.....	145	56.55
2	Cooks, at 135 florins.....	270	@\$52.65=\$142.22
1	Baker.....	110	42.90
1	Cook.....	70	27.30
1	do.....	40	15.60
6	Messboys, at 30 florins.....	180	@\$11.70=\$21.06
66	Total pay per month.....	8,274	3,226.27

¹ Balance paid by State—not a charge to ship.

NOTE.—A semi-official wage board, in which the Dutch Government, the shipowners, and the officers and men are represented, fixes a minimum wage for all ratings but has no power to enforce its decisions. Companies pay more or less than the minimum rate as they see fit. Some Dutch companies pay a bonus, but the amount is stated to be merely nominal. Age and length of service count for much in fixing the wages of both officers and men.

1 florin=39 cents.

Mr. Speaker, the foregoing facts leave no doubt as to the cause of the disappearance from the sea of the American flag. They show the real purpose of the present bill, which is a subsidy to labor to equalize the difference in cost, as I stated in my opening remarks. These facts answer the persistent inquiry why this country, whose material progress has been the standing wonder of all history, with its overseas trade out-ranked only by its domestic commerce, has not adopted the policy of at least carrying its own goods in its own vessels, operated under its flag. This field is destined to be an increasing one and would inevitably attract capital and American genius if the way were open.

The vast difference in cost of (1) construction, (2) maintenance, and (3) operation between our standards and those of our competitors leaves nothing further to be said upon our disappearance from the sea. Shall we repeat all our navigation

and protective laws, enacted to preserve the higher standards of labor, in order to compete for the trade at lower cost? Shall we permit the American flag to fly over a merchant marine operated by Asiatics or coolie labor? To ask the question is to answer it. Of course, we will not do this. Shall we continue to operate the industry by the Government running them on the higher cost level and appropriate from the Treasury the losses sustained, which can never be definite, but which must be both inefficient and wasteful, as demonstrated by our recent experiences? So far as I am concerned, I shall oppose this alternative which is pressed by the opponents of the only other plan now open.

The plan here proposed, as I see it, is the only solution. There is no other alternative if we decide to remain on the sea. It is either abandon all hopes of an American merchant marine altogether or continue the Government operation with all of its possibilities of business disintegration, or else adopt some plan as proposed by this bill of Government aid.

The opponents of this bill satisfy themselves by mere opposition. They offer not a single constructive proposal. They even deny the most patent fact that they are for a merchant marine on the one hand, and on the other are not for Government operation of it. This statement is in the face of a gradual disappearance of our flag from the sea, and in the light of the most obvious reasons for that disappearance I am supporting the measure as a wise economic policy to conserve American enterprise of labor and capital in the interest of our people. Time will prove this contention if the bill becomes a law.

Mr. YATES. Mr. Speaker, I had at one time some doubt as to whether I ought to vote for this so-called ship subsidy bill, but that doubt has been removed. It was almost entirely removed by the President's address. A rereading and study of that address reduced the doubt. And the amendments which have been made during the debate, and for which I was glad to vote, have reduced the doubt still further—reduced it to a minimum. The striking out of the exemptions from income tax, the striking out of the word "permanent" before the appropriation provisions, the striking out of the provision exempting the shipping authority from supervision by the accounting authority of the Government, so improved the bill that I do not believe that the Government or Nation can possibly lose more money by the proposed subsidy, or Government-aid arrangement, than it is now losing per annum, namely, \$50,000,000 per annum, which, by the way, is an actual and substantial subsidy in effect if ever there was a subsidy in the history of any nation.

Only one objection remains, and that is: Will somebody make too much money; will it amount to a raid on the Treasury by some big corporation? It seems to me the answer to that is this: We should not, can not vote down a good and substantial public benefit because occasionally somebody may make more money under it than his just share. Inevitably somebody makes more money than his just share when we legislate.

This happens when we legislate for protection (by tariffs) of American industry and labor, or for railroads, or good roads, or aerial roads, or express, or for bridges, or rivers, or harbors, or public buildings, or post offices, or for science, or lighthouses, or health, and hospitals and hygiene, or for education.

That objection is, I think, far outweighed by the fact that this act will aid the national defense—aid us not to make war, but to avert war.

In his address to a joint session of the Senate and House of Representatives Mr. Harding set forth in clear and precise language a forceful argument for the bill, based almost wholly on economic grounds. He made no attempt to sway his auditors with fine phrases; he made no appeal to the emotions; it was a simply worded, carefully thought out presentation of a situation which the President regards as perhaps the most critical, so far as the commercial destinies of the Nation are concerned, that the American people have ever faced.

Early in his address the President frankly admitted that he understood fully the opposition that confronted the administration's desires, and then he proceeded to try to convince the Congress that enactment of the merchant marine legislation was essential to the promotion of the national welfare. As a simple problem in finance, the President declared that passage of the bill would mean a saving of millions of dollars and prevent the sacrifice of many millions more in national capital already invested.

We are now dealing with a policy founded on theory; we have a problem which is one of grim actuality—

The President asserted—

We are facing insistent conditions, out of which will come either additional and staggering Government losses and national impotence on the seas or else the unfurling of the flag on a great American

merchant marine commensurate with our commercial importance to serve as carrier of our cargoes in peace and to meet the necessities of our defense in war.

The high points of the message are as follows:

I have come to ask you to relieve the responsible administrative branch of the Government from a program upon which failure and hopelessness and staggering losses are written for every page, and let us turn to a program of assured shipping to serve us in war and to give guaranty to our commercial independence in peace.

I am not asking authorization of a new and added draft on the Public Treasury; I am appealing for a program to diminish the burden we are already bearing.

Three courses are open—constructive, obstructive, and destructive. I ask the constructive course.

It would seem to be doubly humiliating when we own ships and fail in the genius and capacity to turn their prows toward the marts of the world.

It is unbelievable that the American people, or the Congress which expresses their power, will consent to surrender and destruction.

I challenge every insinuation of favored interests and the enrichment of the special few at the expense of the Public Treasury. I am appealing to save the Treasury.

I think it loftier statesmanship to support and commend a policy designed to effect the large good of the Nation than merely to record the too hasty impressions of a constituency.

"Government aid" would be a fairer term than "subsidy" in defining what we are seeking to do for our merchant marine.

The President declared it was not a question of adding new Treasury burdens or of contracting an outlay to support merchant shipping, because the Nation already is paying dearly; but he insisted that he appealed for a program to diminish the burden already weighing heavily. He epitomized his argument in this language:

When the question is asked, Why the insistence for the merchant marine act now? the answer is apparent. Waiving every inspiration which lies in a constructive plan for maintaining our flag on the commercial highways of the seas, waiving the prudence in safeguarding against another \$3,000,000,000 madness if war ever again impels, we have the unavoidable task of wiping out a \$50,000,000 annual loss in operation and losses aggregating many hundreds of millions in worn-out, sacrificed, or scrapped shipping.

Then the supreme humiliation, the admission that the United States—our America, once eminent among the maritime nations of the world—is incapable of asserting itself in peace triumphs on the seas of the world. It would seem to me doubly humiliating when we own the ships and fail in the genius and capacity to turn their prows toward the marts of the world.

I call your attention to the fact that in the above statements the President talks economic things. He does not dwell on war; he mentions war only twice; but I imagine he had possible war in his mind all the time. Not that he wants war—not that. He does not want war; nor do you; nor do I. But I believe war will come. Everyone whom I know who has visited Europe or Asia believes there will be more wars. Wars have not ceased upon the face of the earth. The era of universal peace has not dawned. The millennium is not here. God will have to change the natures of men before wars cease. Nations will fight—intelligent peoples will fight to be free. Wars can be postponed and averted. The gloriously clean and noble Army of America did not go to France in vain. Its valor will keep the kings and emperors, the sultans and czars and mikados off of us for many years, perhaps a generation, perhaps until 1950. Doubtful; but we must not again be caught unprepared. Next time we will not have the British fleet to protect us and transport us. We must buy unless we have built. Let us build. I will wager all I possess that the President had all this in mind. I have voted for an adequate Army, for an adequate Navy, for adequate railroad and dirt-roads transportation, for adequate service and health and education; but it is all in vain unless we can in sudden war be prepared on the sea.

Certain communications from certain of my constituents whose opinions and observations I invoked by writing to them are so illuminating and interesting that I add them here. I particularly and specifically agree with the present mayor of Chicago, the Hon. William Hale Thompson, who believes that every man and woman and child in the State of Illinois will be benefited by Government aid to American shipping; that it would help every farmer and every business man and every manufacturing concern; that the delivery of our products in foreign markets under the American flag will increase our export business and thereby increase the demand for labor.

[From the Mayor of Chicago.]

CHICAGO, ILL., November 27, 1922.

HON. RICHARD YATES,
Member of Congress, Washington, D. C.:

Your telegram with reference to ship subsidy bill received. I believe a vote for the ship subsidy bill is a vote for every man, woman, and child in the State of Illinois. I believe it would help every farmer, every business man, and every manufacturing concern. The delivery of our products in foreign markets under the American flag will increase our export business and thereby increase the demand for labor. To permit our ships, which the people have paid for, to rot would be a calamity, and, as pointed out by the President, they can ultimately be turned into a profitable institution rather than a terrific loss. My forefathers were clipper-ship owners and masters for three generations.

My father went to sea before the mast on an American clipper at 16 years of age and finished his seafaring life as a lieutenant commander in Farragut's squadron at the close of the Civil War, and I have heard many, many times from his lips of the great loss to our people and our country on account of our Government's lack of support of our merchant marine. I am glad the opportunity presents itself and I hope you may see your way clear to support the President in this important matter.

WILLIAM HALE THOMPSON, Mayor.

[From two employers of labor.]

CHICAGO, ILL., November 27, 1922.

HON. RICHARD YATES,
Member of Congress, Washington, D. C.:

As I come in contact with the opinion here, it seems to largely favor the subsidy for an adequate merchant marine. A powerful and efficient United States merchant marine prior to the war would have saved this country billions of dollars during the war. The preservation of peace, the ability to victoriously defend ourselves in war, and at the same time make possible the development of our great opportunity in the export business compels me to believe that the ship subsidy bill should become a law.

JOHN G. SHEDD,
President of Marshall Field & Co.

CHICAGO, ILL., November 27, 1922.

HON. RICHARD YATES,
House of Representatives, Washington, D. C.:

Have read President's message. Think we should all stand with him on subsidy bill. We have been wrong on ship legislation for more than 70 years. Many experiments have been tried and failed. We have not tried subsidy plan, which gave British mastery of the seas. We should do so.

B. E. SUNNY,
President Chicago Telephone Co.

[From John H. Walker, president Illinois Federation of Labor.]
SPRINGFIELD, ILL., November 27, 1922.

HON. RICHARD YATES,
Congressman at Large from Illinois,
House of Representatives, Washington, D. C.:

Telegram received. I am advised that the evils contained in the bill more than outweigh any benefits that might be derived through it. However, the ship subsidy bill is national legislation. The American Federation of Labor represents the labor movement on national legislative matters. I am so engrossed with State matters that I have not been able to give sufficient time to get all the details. With reference to the ship subsidy bill, I am wiring President Gompers to give you all information on that matter from labor's point of view.

J. H. WALKER.

[From a great churchman and well-known labor advocate.]

CHICAGO, ILL., November 27, 1922.

HON. RICHARD YATES,
House of Representatives, Washington, D. C.:

I strongly favor ship subsidy bill. America now has unparalleled opportunity to create merchant marine which will make and keep her one of foremost commercial nations of the world. In my judgment, to neglect the opportunity would be lack of highest statesmanship. I urge you to vote for the bill.

BISHOP THOMAS NICHOLSON.

[From a veteran editor.]

CHICAGO, ILL., November 27, 1922.

HON. RICHARD YATES,
House of Representatives, Washington, D. C.:

I am able to give you the most positive assurance that the sentiment of the West is strongly against the ship subsidy. Your constituents, particularly the farming element, are aggressively opposed to the contemplated raid on the Federal Treasury, and the President's special message in defense of it fell flat. The campaign of extensive propaganda, which has been pouring like a torrent into every newspaper office in the country, has utterly failed to convince the people that this iniquitous measure will in any manner benefit the West, which already is tottering under the burden of enormous Federal, State, and municipal taxation.

JOHN C. EASTMAN,
Editor Chicago Daily Journal.

[From a surgeon interested in public affairs.]

CHICAGO, ILL., November 27, 1922.

HON. RICHARD YATES,
House of Representatives, Washington, D. C.:

I believe in the constructive policy of our President. In my opinion, without a subsidy our merchant marine will become practically nil. Capital can not compete with the cheap labor on foreign ships. I believe the Nation will be benefited far in excess of the amount granted. Whether the ship subsidy will be popular I can not say, as I have heard opinions pro and con.

B. M. ROSS, M. D.

Mr. BOX. Mr. Speaker and gentlemen of the House. In connection with what I said in the House during the discussion of this bill, which was limited by lack of time, I extend my remarks concerning the same in the RECORD for the purpose of further recording my objection to the measure and giving an abridged statement of some of the many reasons for my opposition to it.

The sponsors of this measure claim that by its passage we would exchange the heavier burden of expense the Shipping Board and its activities impose for the lighter load which the passage of this bill would place upon taxpayers. If that were

the situation and result, the argument would have weight. But instead of exchanging one of these burdens for the other we are retaining the one and taking on the other.

The heavy appropriations we make for the Shipping Board may be roughly divided into two classes. Those for the Shipping Board's own force and those on account of the ships and shipping business it manages.

Are we to be rid of the Shipping Board after the passage of this act? On the contrary, the bill itself provides for the indefinite continuance of that expensive organization and provides for it varied and vastly important additional activities. If we could by a stretch of the imagination for a moment fancy that this bill would relieve us of the Shipping Board, a glance at any page of the bill would remind us that under its terms years and administrations may come and go but that the Shipping Board, with its important and vast powers and work and the great expense they involve, is to go on indefinitely. We can not read this bill and hope that we are by it exchanging the Shipping Board for anything. We are keeping the Shipping Board, with its desire to perpetuate itself, its thirst for power, its big salaries, its army of employees, and its almost boundless capacity to consume the contents of the Treasury.

Are we assured that this bill will relieve us of the ships which occasion the other portion of this sickening expense account? Are we assured that the passage of this bill will cause the sale of these ships? It is hoped by the high-salaried young hopefuls of our national shipping business that we will sell ships representing about 6½ per cent of the total cost of all our ships. Two hundred millions of dollars is the amount of sales hoped for, and that is 6½ per cent of \$3,000,000,000—the cost of the ships. That may be the best sale that can be made, but it is not much sale. A loss of more than 93 per cent is a loss of substantially all. What are we to do with the big remainder? Sink it? We have been slow to sink anything on which a watchman's job or a \$35,000 expert's salary could be made to ride. What assurance have we that this big lot of ships, little reduced by the best subtraction hoped for, will be promptly sunk or scrapped. There will be no new inducement to scrap it, much less to destroy the jobs which they have thus far sustained.

Is the aid proposed by the bill to be limited to the purchasers of our ships? No; it will be given as freely to ships now owned by the Government's competitors in the shipping business as it will be to those who purchase our ships. The world has more ships than is needed by world traffic. They are, therefore, rotting in the harbors and being offered for one-third to one-half their cost. This bill will not create any new cargoes. The world's ships will continue to wait for cargoes. Under these conditions will steamship owners abandon their own ships and buy ours, even at a reduced price, when they can get all the benefits offered by this measure by operating ships they now own? Of course they will, in the main, use their own ships and draw the subsidy. If there were traffic enough for all the shipping, all available ships would be in use. It is foolish in the extreme to expect that when there is not enough traffic even for all their own ships they will buy ours, even at a reduced price, and throw away theirs. When their own ships get old and others are needed, we are offering special inducements in long-term, low-interest credit to induce them to build other new ships instead of buying ours.

The bill specifically provides for the continuance of the Shipping Board, so it will continue with its burdens. This bill does not promise, much less assure, that we will get rid of the major part of our ships. The greater part of them will probably remain with us, with the burdens which they impose. So we will have at least the major part of our old burden, plus the new one we are taking on. Therefore we are not exchanging a heavy load for a lighter load. We are keeping a heavy one, imposed by the necessities of war, and loading the public with another in peace times at the instance of privilege-seeking greed.

In addition to the utter futility of the measure as a pretended alternative for the present Shipping Board and the expense resulting from its conduct of the shipping business, I object to it because it presents no plan for a self-supporting American merchant marine. A merchant marine which is to burden the other industries and activities of the people by causing them to be taxed in order to maintain it is, of course, a drain upon the resources of the Nation instead of a support to them. These two fundamental objections would compel me to oppose the measure; but they are by no means all.

It is full of sinister, wicked provisions, in keeping with the bad purposes which the whole of it is designed to promote. As proposed by the committee, it would give these bounties

to big, private, profit-making combinations, like the Standard Oil Co. and its subsidiaries, the Steel Trust, and other big private interests, like that of the packers, many of whom do, and others who may, operate their own vessels in carrying to and from foreign ports their own goods to their own warehouses and factories. Even as amended, the same vicious principle is in the bill and in great measure the same result will be caused.

It connects the Nation with a most dangerous policy of helping steamship companies make money out of bringing immigrants to America. The history of their handling of this traffic is one of inhumanity, lawlessness, and unpatriotic disregard of the public welfare. One who reviews it as it has been conducted by them can hardly fail to notice its resemblance of the shipping engaged in the slave trade.

The history of the dealings of Congress with immigration is the record of difficulties caused by shipowners, contract-labor importers, and other obstructions embarrassing all efforts to protect the country against incoming criminals, prostitutes, paupers, and anarchists and an unwelcome throng of undesirable aliens.

Before 1820 no record was kept of immigration and no regulation of any kind was attempted. During the first 50 years after 1819 the National Government did nothing toward restriction but did attempt to prohibit shipowners from crowding poor wretches together like hogs or cattle in the insanitary, inhuman manner practiced by them, which caused degradation, disease, and thousands of deaths among them.

I read from volume 2 of the report of the United States Immigration Commission, page 589, which I cite as "I. C. R.":

Prior to the year 1819 there were no United States laws governing or regulating ocean passenger traffic. * * * As a result abuses were permitted and practiced on transporting vessels that caused distress, disease, and death, especially among immigrants bound for America. (2 I. C. R. 589.)

Further, the fact that the protection given by the law—

* * * was inadequate, is shown by the gruesome records of the steerage experiences in those days. (2 I. C. R. 591.)

From the beginning of the movement of population from Europe to the New World suffering and death were common on immigrant ships. Among the earlier instances recorded was that of 3,000 Palatines forwarded * * * by England to New York, 470 of whom died on the voyage and 250 soon after their arrival of ship fever. There is also a gruesome account * * * of experiences on a ship which sailed in 1731 for America from Rotterdam with 156 immigrants. She was bound for Philadelphia via Falmouth. When she had been at sea eight weeks the passengers were put on short allowances, and during the last five weeks of their journey were unable to obtain bread. Finally, they were paying 18 pence for a rat and 6 pence for a mouse. (2 I. C. R. 589.)

Upon the increased demand for transportation to the United States following the close of the second war with England many vessels which had originally been constructed solely for the purpose of transporting freight were hurriedly transposed into immigrant ships that they might enjoy some of the profits of a business that had become lucrative. This with the fact that excessive overcrowding had been practiced on all vessels, rendered the condition of emigrants at sea almost unbearable. (2 I. C. R. 590.)

The potato famine in Ireland occurred in 1847, and in consequence there was a great increase in emigration from that country. (2 I. C. R. 591.)

Famine-stricken Ireland was also fever ridden; * * * the disease was carried aboard ship, where in the overcrowded and poorly ventilated steerage quarters thousands died of ship fever and thousands more survived the voyage only to die after landing.

Thousands of Irish and other British emigrants died during the voyage to Canada, and at Grasse Island, near Quebec, where the Canadian quarantine station was located, as many as 7,000 emigrants perished from ship fever and cholera in 1847 alone. (2 I. C. R. 592.)

In 1819, 1847, and 1855 laws were passed by Congress to limit crowding and prevent the starving of immigrants, but these were opposed, avoided, and disregarded by the shipping concerns. The Immigration Commission says:

It may well be questioned whether the condition surrounding the transportation of emigrant passengers had been improved by any of these laws. (2 I. C. R. 593.)

Slave ships, moved by human greed, brought wretched humans from Africa to sell into slavery in America, where they embroiled the country in years of strife, caused an awful war, and yet present a dangerous race problem. Immigrant ships, for gain, have all along been the chief offenders against America and against humanity. Many of them have been German, many have been British, and some have been American. Their desire for profits is now an embarrassment to the enactment of proper legislation and the enforcement of such as we have.

The same interests have repeatedly violated the provisions of the 3 per cent immigration law and brought numbers of immigrants in great excess of its provisions in defiance thereto. They did this knowingly, with malice aforethought. They did it in the face of the warnings of the American Government, given by its public officials, among whom were Mr. Secretary of State Hughes. This was done with the knowledge that if the immigrants were admitted the laws of the United States would be outraged, and if they were not admitted an unspeakable outrage would have been done by them to the poor immi-

grants, who would have sold all and have been thrown back upon the shores of distressed Europe, penniless and among strangers.

The steamship companies have gone their length to violate the eighteenth amendment to our Constitution and State and Federal enactments based thereon.

They are among the chief offenders against our narcotic laws down to this moment. The Washington Herald, a Hearst publication, is urging the passage of this legislation, and so can not be charged with the desire to prejudice it; yet its own news columns prove what I have just said about the steamship companies violating America's narcotic laws. I quote the following from the Washington Herald, issue of to-day, November 29:

STEAMSHIP FIGHTS OPIUM ACT PENALTY.

San Francisco Chamber of Commerce and mayor aid plea of China Mail Co. Frantic efforts are being made by the mayor, chamber of commerce, and other influential interests in San Francisco to save the China Mail Steamship Co. from the heavy penalty imposed in connection with a \$95,000 opium seizure, November 20, it was revealed here yesterday.

The seizure was aboard the steamship *Nanking* of the China line which docked at San Francisco November 18. The penalty of \$25 per ounce of opium seized totaled \$227,990. This must be paid or bond for double that amount posted before the vessel can sail under the terms of the Jones-Miller narcotic import control law passed by Congress last May.

The *Nanking* is due to sail on its return voyage November 30, but thus far has failed to post the bond. Accordingly, appeal has been made to Washington for reduction of the penalty on the claim that if it is enforced the company's credit will be impaired and it will be forced out of business.

The case is before Secretary of the Treasury Mellon, head of the board entrusted with enforcement of the law. He has wired Collector of Customs Hamilton at San Francisco for a report and recommendation before passing on the case.

This was the fifth opium seizure aboard the *Nanking* this year. (Washington Herald, November 29, 1922.)

These vast interests are bound together in mighty combines, one of the purposes and effects of which is to enable each to hide its violations of the law. Another effect of their combination is to make them strong enough to override the law through financial and political influences and by force of strength, such as the big trusts always have. Trusts are the only things which have proven too strong for the Government of the United States. This cooperation and consolidation in wrongdoing and the concealment thereof makes every part of the aggregation guilty of the crimes of each.

Now, the Congress takes up their fight, links the Government with their efforts to secure profit from it, and burdens the taxpayers to promote the wrongful purposes.

It is even suggested in Title III, section 303, that some 32 of our treaties of commerce and navigation be broken down, and that the executive department assume such control of the law as to bring the law and treaties into harmonious cooperation for the profits of the shipping lines. This will, of course, involve the change of the law or the treaties—one or both, probably both—to create complete cooperation of both. For what? For the profit of the steamship companies. This action is self-abasing and utterly unworthy of the United States. We will be fortunate indeed if we escape the calamity which the impairment or wholesale disregard of our immigration laws would bring. It certainly opens and paves the way for that evil and invites it.

Within the 63 printed pages of this measure are about as many things deceptive, wrong, hurtful to the public interest, and wholly unworthy of the Congress and Government of the United States as could be placed in that much printed space.

To enumerate all its vices is impossible. For me to understand how men, supposed to be representing the interests of the people of the United States, could perpetrate such a wrong against them is likewise impossible. For me it would be a crime to support this measure. For me to support it and seek to hide its many vicious provisions in veiled phraseology and pretensions of patriotic purpose would be to further offend by trying to conceal conscious wrong by hypocrisy and false pretense.

THE MERCHANT MARINE.

Mr. GREENE of Massachusetts. Mr. Chairman, I move to strike out the last word. I wish to read a telegram.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the last word.

Mr. GREENE of Massachusetts. I wish to read a telegram from Milwaukee, dated the 27th. I read:

MILWAUKEE, WIS., November 28, 1922.

Hon. W. S. GREENE,

Chairman House Committee on the Merchant Marine and Fisheries, Washington, D. C.:

Middle West Merchant Marine Committee at its second annual meeting in Milwaukee to-day, with representatives from 19 States and 92 cities, passed resolution indorsing pending shipping bill and urging its immediate passage as necessary for maintaining and extending our foreign markets for our agricultural and manufacturing surplus.

MALCOLM STEWART, Chairman.

Mr. MONDELL. Mr. Chairman, I move that all debate on this section and amendments thereto be now closed.

Mr. GARRETT of Tennessee. Will the gentleman from Massachusetts yield for a question?

Mr. GREENE of Massachusetts. What kind of a question? Let us hear the gentleman's question.

Mr. GARRETT of Tennessee. That telegram did not state how they stood on the dry question in the bill, did it?

Mr. GREENE of Massachusetts. Oh, I have no doubt they are dry, the same as you are.

Mr. DAVIS of Tennessee. Will the gentleman from Wyoming yield?

Mr. GREENE of Massachusetts. No; I do not care to yield. You have offered amendments enough.

Mr. DAVIS of Tennessee. Will the gentleman from Wyoming yield?

Mr. MONDELL. I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Wyoming moves that all debate on this section and amendments thereto be now closed.

The motion was agreed to.

The CHAIRMAN. Earlier in the day there were a number of corrections of the numbers of sections. The Clerk was authorized to renumber certain sections. There are certain references to those sections in the text, and the Clerk should be authorized to correct those numbers in the references. Otherwise the references will be misleading.

Mr. CHINDBLOM. I ask unanimous consent that the Clerk be authorized to change properly the references to the section numbers.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the Clerk be authorized to correct the section numbers in the references. Is there objection?

There was no objection.

Mr. BRIGGS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. GREENE of Massachusetts. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 12817) to amend and supplement the merchant marine act of 1920, and for other purposes, had come to no resolution thereon.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills and joint resolution of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 4025. An act to permit Mahlon Pitney, an Associate Justice of the Supreme Court of the United States, to retire; to the Committee on the Judiciary.

S. 4036. An act to prohibit the unauthorized wearing, manufacture, or sale of medals and badges awarded by the War Department; to the Committee on Military Affairs.

S. J. Res. 244. Joint resolution to donate to the American Legion certain war trophies captured by or surrendered to the armed forces of the United States in the World War; to the Committee on Military Affairs.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that November 27 they had presented to the President of the United States for his approval the following bill:

H. R. 12859. An act to provide for certain expenses incident to the third session of the Sixty-seventh Congress.

LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted—

To Mr. TUCKER, until further notice, on account of sickness.

HOURLY MEETING TO-MORROW.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

There was no objection.

ADJOURNMENT.

Mr. MONDELL. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 46 minutes p. m.) the House adjourned until Wednesday, November 29, 1922, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

711. Under clause 2 of Rule XXIV, a letter from the Postmaster General, transmitting report of the finances of the department for the preceding year, showing the amount of balances due the department at the beginning of the year, the amount of postage which accrued within the year, the amount actually paid during the year for carrying the mail, showing how much of the amount was for carrying the mail in preceding years, and also report of the amount expended in the department for the preceding year, including detailed statements of expenditures made from the contingent fund; also report showing number of employees receiving increased compensation at the rate of \$240 per annum, was taken from the Speaker's table and referred to the Committee on Expenditures in the Post Office Department.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HAWES: A bill (H. R. 13064) prohibiting the use of the mails for anonymous communications, providing a penalty, excepting information directed to a law-enforcement officer; to the Committee on the Post Office and Post Roads.

By Mr. SLEMP: A bill (H. R. 13065) to provide for the purchase of a site and for the erection of a public building thereon at Tazewell, State of Virginia; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13066) to provide for the purchase of a site and for the erection of a public building thereon at Appalachia, State of Virginia; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13067) providing for the purchase of a site and the erection of a public building thereon at Marion, State of Virginia; to the Committee on Public Buildings and Grounds.

By Mr. ROACH: A bill (H. R. 13068) fixing the salaries of the United States attorneys and United States marshals; to the Committee on the Judiciary.

By Mr. SEARS: A bill (H. R. 13069) fixing the per diem allowance for deputy clerks of district courts when necessarily absent from their official residence on official business; to the Committee on the Judiciary.

By Mr. McFADDEN: A bill (H. R. 13070) to amend sections 13 and 16 of the act approved December 13, 1913, known as the Federal reserve act, as amended; to the Committee on Banking and Currency.

By Mr. ELLIOTT: A bill (H. R. 13071) to amend section 9 of the Federal reserve act; to the Committee on Banking and Currency.

By Mr. HAMMER: A bill (H. R. 13072) to authorize the erection of a public building at Sanford, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13073) to authorize the erection of a public building at Hamlet, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. VOLSTEAD: A bill (H. R. 13074) to create a commission to recommend to Congress amendments necessary in order to simplify the pleading, practice, and procedure in certain Federal courts; to the Committee on the Judiciary.

By Mr. HUTCHINSON: Joint resolution (H. J. Res. 397) providing for the construction of a memorial bridge across the Delaware River at the point where Washington and his troops crossed said stream on the night of December 25 and the day of December 26, 1776; to the Committee on the Library.

By Mr. CROWTHER: Joint resolution (H. J. Res. 398) to donate to the Veterans of Foreign Wars of the United States certain war trophies captured by or surrendered to the armed forces of the United States in the World War; to the Committee on Military Affairs.

By Mr. KELLY of Pennsylvania: Resolution (H. Res. 453) for extra compensation for the clerk in the folding room during the Sixty-seventh Congress; to the Committee on Accounts.

By Mr. ELLIOTT: Resolution (H. Res. 454) requesting information from the Secretary of War in connection with recent credits to foreign powers; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLARKE of New York: A bill (H. R. 13075) for the relief of Edward N. Moore; to the Committee on Military Affairs.

By Mr. FITZGERALD: A bill (H. R. 13076) for the relief of Maj. Martin F. Scanlon, Lieut. Courtney Whitney, and Lieut. Alfred B. Baker; to the Committee on Claims.

Also, a bill (H. R. 13077) granting an increase of pension to Lena Mauter; to the Committee on Pensions.

By Mr. GENSMAN: A bill (H. R. 13078) granting a pension to Robert F. Foote; to the Committee on Pensions.

Also, a bill (H. R. 13079) granting a pension to Jesse Lairson; to the Committee on Pensions.

By Mr. HAWES: A bill (H. R. 13080) granting an increase of pension to Rodney William Anderson; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 13081) granting a pension to Benjamin L. Swift; to the Committee on Pensions.

By Mr. KENDALL: A bill (H. R. 13082) granting a pension to Mary Wagner; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 13083) granting an increase of pension to Mary A. Huffman; to the Committee on Invalid Pensions.

By Mr. LINEBERGER: A bill (H. R. 13084) granting a pension to Melissa Jean Thompson; to the Committee on Invalid Pensions.

By Mr. MILLSPAUGH: A bill (H. R. 13085) granting a pension to Julian A. Wheeler; to the Committee on Invalid Pensions.

By Mr. SCHALL: A bill (H. R. 13086) granting a pension to Mary A. Sims; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 13087) granting an increase of pension to Josephine M. Orvis; to the Committee on Invalid Pensions.

By Mr. WATSON: A bill (H. R. 13088) granting a pension to Margaret E. Zeek; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13089) granting a pension to Mary H. Pennypacker; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 13090) granting a pension to Amanda Kline; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6475. By Mr. CROWTHER: Petition of members of the congregation of the First Presbyterian Church of Schenectady, N. Y., on conditions in the Near East; to the Committee on Foreign Affairs.

6476. By Mr. KINDRED: Petition of Frank S. Gardner, secretary of the Board of Trade and Transportation of New York, N. Y., favoring the passage of the American merchant marine bill (H. R. 12817); to the Committee on the Merchant Marine and Fisheries.

6477. Also, petition of W. T. Hornaday, of New York, N. Y., relative to wild game; to the Committee on the Judiciary.

6478. By Mr. KISSEL: Petition of the Simmons-Boardman Publishing Co., New York City, N. Y., favoring the passage of the American merchant marine bill (H. R. 12817); to the Committee on the Merchant Marine and Fisheries.

6479. By Mr. LEA of California: Petition of the Healdsburg Ministerial Association, on behalf of the citizens of Healdsburg, Calif., favoring measures to assist in securing justice and freedom to Armenia; to the Committee on Foreign Affairs.

6480. By Mr. RAKER: Petition of Unity Post, No. 171, Department of California and Nevada, Grand Army of the Republic, Veterans' Home, Napa County, Calif., indorsing and urging the passage of the bill known as the Bursum bill, giving \$72 a month pension to the veteran and \$50 a month to the widow; to the Committee on Invalid Pensions.

6481. By Mr. ROSSDALE: Petition of the Civitan Club of New York, to celebrate the three hundredth anniversary of the purchase of New York; to the Committee on Ways and Means.

6482. By Mr. ROSE: Petition of the Patriotic Order Sons of America, Camp No. 421, urging the passage of the Towner-Sterling bill for the creation of a department of education; to the Committee on Education.

SENATE.

WEDNESDAY, November 29, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, on the eve of our national Thanksgiving Day we desire to return thanks for the manifold blessings with which Thou hast crowned our Nation. We bless Thee for Thy presence so frequently in times of anxiety and of danger. We thank Thee for all the providences which have watched over the Nation and brought us to our present situation.

Grant that truth and righteousness may always prevail. Increase among the people the consciousness of doing that which is uppermost in Thine own heart and for Thy purposes among the peoples of the world. Hear us and bless us, and be with any who sorrow to-morrow, and fill the vacancy by Thy presence, through Jesus Christ, our Lord. Amen.

PETER G. GERRY, a Senator from the State of Rhode Island, appeared in his seat to-day.

CALL OF THE ROLL.

Mr. UNDERWOOD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	George	McKellar	Simmons
Bayard	Gerry	McLean	Smith
Borah	Glass	McNary	Smoot
Brandegree	Gooding	Nelson	Spencer
Calder	Hale	New	Stanfield
Capper	Harrell	Nicholson	Stanley
Caraway	Harris	Norris	Sterling
Culberson	Harrison	Overman	Swanson
Cummins	Heflin	Page	Townsend
Curtis	Jones, N. Mex.	Pepper	Underwood
Dial	Jones, Wash.	Phelps	Wadsworth
Edge	Kellogg	Poin Dexter	Walsh, Mass.
Elkins	Keyes	Ransdell	Walsh, Mont.
Fernald	Ladd	Rawson	Warren
Fletcher	La Follette	Reed, Pa.	Watson
France	Lodge	Sheppard	Weller
Frelinghuysen	McCumber	Shortridge	Willis

The VICE PRESIDENT. Sixty-eight Senators have answered to their names. There is a quorum present.

PROPOSED ADJOURNMENT OVER THANKSGIVING DAY.

Mr. UNDERWOOD. Mr. President, I move that the Senate do now adjourn until 12 o'clock noon on Friday next.

Mr. CURTIS. I make the point of order that the next thing in order is the reading of the Journal, and that nothing else is to be proceeded with under Rule III until the Journal has been read.

Mr. UNDERWOOD. I beg to differ with the point of order, and I desire to be heard on it for a moment. Undoubtedly the reading of the Journal can not be interrupted by any ordinary business. The reading of the Journal fixes yesterday's proceedings, and that must be attended to; but the right to adjourn is a constitutional right, and there is no rule of Senate procedure which could interfere with the right of this body to adjourn when it saw fit. The Senate Chamber might be on fire, and we might have to adjourn. A mob might be assaulting the outer door, and it would be necessary for the Senate to adjourn. I do not believe that the rule can go so far or that any precedent would justify saying that the Senate, if a majority of the Senators desired to adjourn, could not do so. Therefore I insist that the point of order against the motion to adjourn is not well taken.

The VICE PRESIDENT. The Chair will hear the Senator from Kansas.

Mr. CURTIS. We might as well settle the question now. I desire to make an additional point of order.

Mr. UNDERWOOD. Am I to understand that the Senator concedes the point is not well taken?

Mr. CURTIS. I want to make an additional point of order, and I might as well make it now as at any other time. I make the further point of order that the motion is dilatory.

I know we have no rule of the Senate with reference to dilatory motions. We are a legislative body, and we are here to do business and not retard business. It is a well-settled principle that in any legislative body where the rules do not cover questions that may arise general parliamentary rules must apply.

The same question was raised in the House of Representatives when they had no rule on the question of dilatory motions. It was submitted to the Speaker of the House, Mr. Reed. Mr. Speaker Reed held that, notwithstanding there was